

BULLETIN

OF THE

NATIONAL ASSOCIATION OF CREDIT MEN.

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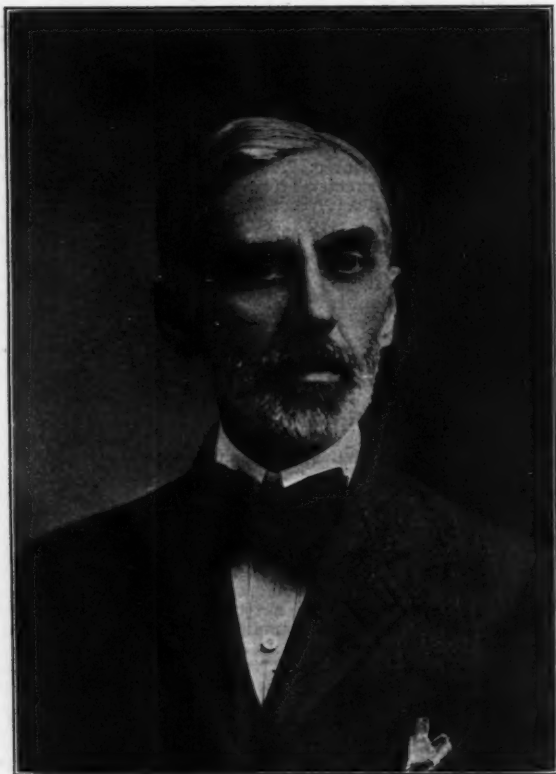
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LEE M. HUTCHINS
Hazeltine & Perkins Drug Co., Grand Rapids, Mich.
First Vice-President

**Proceedings of the Sixteenth Annual Convention of the
National Association of Credit Men, held at the
Orpheum, Minneapolis, Minnesota, June
13, 14, 15 and 16, 1911.**

The opening session of the Sixteenth Annual Convention of the National Association of Credit Men was called to order at eleven o'clock Tuesday morning, June 13, 1911, by President F. H. McAdow.

The Most Reverend John Ireland, Archbishop of St. Paul, offered the opening prayer of the convention.

President McAdow—We are more than convinced by what we have already experienced that no city can surpass Minneapolis in the warmth of its hospitality and its welcome. That has been evidenced to us by our reception here to-day; but we are to have an added welcome, first by the chief executive of this great commonwealth, and it is my pleasure to present to the convention at this time the Hon. A. C. Eberhart, governor of Minnesota, who will give expression to Minnesota's welcome.

Address of Welcome for the State of Minnesota by His Excellency, Governor A. C. Eberhart.

Right at the outset I want to say that I would rather exchange notes with you than ideas.

I am sure that a convention cannot start under better auspices than yours has started this morning with the beautiful prayer of His Grace Archbishop Ireland. Divine Providence has been kind enough to order the best of weather; and I am sure you will find the officers of the state and the cities combined will do everything they can to make the visitors and the delegates to this convention feel at home.

A credit man is an important factor in our institutions everywhere. They are strenuous men, hard-working men, all of them, and yet when you look upon this peaceful delegation of calm and cool men, you might think they were all doctors, because they are taking life so easy. (Great applause and laughter.) They are strenuous. It is necessarily so, because the credit man is the life of every institution. It depends upon the credit man in every instance to see that the institution he represents as well as all who are dealing with that institution, have the proper connection.

I often wish that the state officers and states would feel the same interest in bringing together men from all over the nation to discuss questions that pertain to the welfare of the state, as the credit man feels in dealing with credit questions that affect every institution of the state. If our states had gotten together years ago and dealt with those questions that affect us all, that affect the very heart of every institution, we would never have had the difficulties that we have to-day.

We have lived too far apart, but to-day, when New York and San Francisco are closer together than any two counties were at the time of the adoption of our federal constitution, we realize how important it is to get together and deal with these questions that affect one state as much as the other. There is no reason why there should be one set of financial laws in one state and another in another. (Great applause.)

The very welfare of our states and federal institutions depends upon the confidence that the people have in them, and if we should be compelled to have one kind of legislation in one state affecting these financial interests and another kind in every other state, you can readily see the difficulty we would be up against. The time has surely come when every state in the Union ought to have exactly the same laws with reference to every business problem.

You as credit men meet difficult problems. Sometimes you meet men who claim a great deal more credit than they are entitled to. You have heard of Jones when he told the credit man that he and Smith had all the blooded cows in the community, forty-eight in number. The credit man then asked Jones how many he had and how many Smith had; and he said Smith had forty-seven out of the whole number. (Laughter.) When you come to a man whose credit is involved it requires a credit man to go through his books and show him his standing. There are business men to-day who know no more about their books than the German who telephoned to a garage to secure some repair parts knew about his car; when they asked him what was the matter, he said, "Between where it commences something that should not be is." (Laughter.) And it is the business of the credit man to go to his customer and show him the defects in his business management, and by using diplomacy and by using kindness and by showing him these things he can often avoid disaster.

I am sure that the best legislation to-day on our statute books in reference to the financial standing of concerns and their co-operation is due largely to this splendid Association which has made such great efforts to secure uniform legislation with regard to our financial affairs; and I want to say to you that I wish you would extend your efforts further, for there are hundreds of questions in which one state is involved as much as the other, and there is no association that I know of, representing big, strong men and millions and millions of dollars, that can appeal to the business men of the community and get them to co-operate as readily as the National Association of Credit Men.

I am glad to see my friends from Chicago are placed right in the center of this splendid gathering. As I have been told by an old friend years ago, there was a little place in Chicago that they called "Little Hell." I do not know whether that was to distinguish it from the balance of the city or not. (Laughter.) But I will say to you that to-day Chicago is one of the leading cities of the nation in matters that pertain to good business management, that pertain to the betterment, the advancement and uplifting of mankind. And it is along this line, that is, the financial line, that the credit men hold the lead.

We are glad to have you here because Minnesota is interested in uniform legislation. We want you to impress upon the business men of Minnesota that when the next legislature convenes, one of the most important problems before it will be uniform legislation with reference to credit, with reference to finance, and with reference to all these things that concern the business interests of the nation.

We welcome you and assure you we can furnish you plenty of bread and butter. This is a bread and butter state. We can take care of you just as long as you want to remain with us.

Speaking of the mayor, I represent the little village across the river, and that river is all that is between us. We know that you are the best set of credit men ever assembled, and when you leave we want you to feel that St. Paul and Minneapolis and the state of Minnesota are entitled to

membership in the same class. Therefore the entire state of Minnesota extends to you a cordial welcome.

I have stood before the bar many a time when I thought I ought to have better credit than I had (Laughter), and I think the credit man is occasionally too strict and sometimes asks too much. Now, I really believe that, but I am leaving everything to your good judgment, but after all the credit man actually must have a good deal of the milk of human kindness. When Archbishop Ireland spoke of conscience and its



CHAS. E. MEEK

Fourth National Bank, New York, N. Y.
Second Vice-President

application to the business life of the credit man it recalled to my mind the lines of Ella Wheeler Wilcox:

"There are many gods and many creeds,
And many paths that wind and wind;
But after all what this wide world needs
Is just an effort to be kind."

And when you come in contact with those whose credit through no fault of theirs is at low ebb, do not forget to be kind.

I wish the convention success and trust that your deliberations may result not only in what shall be for the best interests of your organization, but for those of our state and every state in the Union.

I bid you again a hearty and sincere welcome. (Great applause.)

President McAdow—According to the program the address of welcome on behalf of the municipality was to have been delivered by the Hon. James C. Haynes, mayor of Minneapolis, but being unable to be present, he has sent I am sure a most acceptable substitute, and it is my pleasure now to introduce Mr. Arthur Selover, president of the council and acting mayor.

Address of Welcome for City of Minneapolis by Arthur W. Selover, Acting Mayor of the City of Minneapolis.

In the absence of His Honor the Mayor, it has become my duty and very great pleasure to extend to you all, the hearty greetings of our beautiful city of Minneapolis.

We have had a great many conventions in times gone by and we are having them from day to day. But I do not know of any convention that is of greater importance, to which we extend a heartier welcome, than to this convention of the National Association of Credit Men.

I do not know what your constitution is, I have not had occasion to read it over; and I do not know what your basic law is; but I know this that your duties and your privileges are to establish credit among men and among business houses; in other words, in the final analysis, it is to establish confidence and honesty.

Those who established the Association and other associations of similar character builded better than they knew; for upon the foundation of personal and business credit rests the superstructure of civic and of state government. There is no question but that the confidence established in the beginning by honesty between man and man, reaches out into the government of the city and into the government of the state and the government of the nation.

Therefore we are extremely glad that you have chosen our fair city in which to hold this convention. We want to get from you some inspiration, not that we absolutely need it in our civic government, but that it will help out in times to come; and I have no doubt that the state as a whole may take advantage of it.

You have come into a community that is proud of its credit—proud of its individual credit, proud of the credit of its cities and proud of the credit of the state. There was a time years ago when evil-minded persons tried to undermine the credit of this glorious state, tried to get it to repudiate some of its bonds; but the sterling and stalwart character of John S. Pillsbury saved the credit of the state, and there is no stain upon it and I trust there never may be.

Minneapolis has gathered into its corners people from all over the world, the fair-haired sons of Scandinavia mingle here with the sons of England and the sons of sunny France. It is a cosmopolitan city. All this mingling of blood is leavened and strengthened by the good old New England stock which is well represented here to-day. That results in a city filled with people who extend gladly the right hand of fellowship. Your reception will not be cold. You will receive a hearty welcome everywhere. To you who come from the busy manufacturing cities of the East, we would extend an invitation to inspect some of our great

manufacturing institutions. We have many of them; we are proud of them. You who come from cities having beautiful parks and boulevards, we invite to visit and inspect what we consider some of the finest parks and boulevards in the land. We hope and trust that you will have time during your visit here to see them.

We trust that none of you in wandering about our city seeing its beautiful sights will meet with any accident. We hope that you will be as far from such accident as was a gentleman whose troubles were written up in a local paper not many moons ago. The enterprising editor wrote this little paragraph regarding a supposed accident down in the country: "Mr. So-and-So when passing out to his home in the country came very near having an accident which might have been much more serious for him than it was." (Laughter.) We hope that you will not come any closer to an accident than the man in question.

Now, the city is yours from end to end, and we invite you to its close inspection. We trust that you will not leave us hastily after this convention is over. We have room here for many of you to come and pitch your tents with us permanently, and we know that if you should come and live with us that before many months have passed you would be among our most enthusiastic boosters, and you would be extending to others the most hearty welcome which we now extend to you. (Great applause.)

President McAdow—The gentleman who will speak next I am sure needs no introduction. I believe he knows most of us and we all know him and we like him. On behalf of the Minneapolis association we will hear from Mr. F. J. Hopkins.

Address of Welcome by F. J. Hopkins, of the Minneapolis Association of Credit Men.

Mr. President, our Lady Guests, Fellow Credit Men and Visitors:

On behalf of the Minneapolis association it affords me great pleasure to extend to you warm greetings and a most cordial welcome. Ever since I was asked in behalf of my associates to extend to you the right hand of fellowship, I have been cudgelling my brain for some practical illustration that would carry certain conviction of the warmth of our welcome and would serve to emphasize how deep and sure is your place in our hearts. From boyhood memory I recall the yarn mottoes, fashioned by candle or lamplight, which used to adorn the walls of our homes. "Welcome" was ever a companion piece for "Home, Sweet Home," "God Bless our Home" and like expressions from simple but true and honest loving hearts. In art, prose and verse, we have shared in the joy of many a home-coming, and we have all returned to loving arms after long absence and know the satisfaction of genuine welcome. If the spirit of all these old fashioned and more modern welcomes were concentrated in one, it would but represent ours for you all to-day. We have hung no yarn mottoes, you will find no evergreen sign, we have erected no electric arch. Our welcome is in the warm and hearty hand-clasp, the faces illumined with pleasure, and in our joy of service, for the harder you work us the greater our satisfaction.

We live in a clear, bracing atmosphere, and while lacking the spring of "Eternal Youth," this northern ozone is a tonic which keeps the fires of anticipation brightly kindled, and the longer they burn, the sweeter the realization. We have waited for you long. You did not

come at our first bidding nor our second; but each defeat and attending disappointment but added to our pleasure of to-day. Now we have you face to face, you are at last our guests, and if our cup of joy runs over a little, charge it to a great pleasure long deferred.

You have come to a young city; to most of you by comparison you are visiting a new country. In my short business life of less than thirty years I have watched this city grow from 50,000 to 300,000 people, have seen the foundations laid for almost every jobbing house of prominence here, have witnessed the erection of every first-class hotel, office building and play-house, and have followed the construction of railroads as they gridironed the vast territory tributary to our market, which even yet is but sparsely settled. Fifty-three short years limit the age of our state.

To you of the EAST, metropolitan, cultured, finished, moulders of thought, makers of our history, responsible in a large measure for that strong financial condition which has placed the name "America" in the forefront of the world's civilization,—much read of, more talked about,—if we have a wholesome fear of what you may think of all our newness, we love you none the less, and you are doubly welcome.

For those of our beloved SOUTHLAND, the cradle of our civilization, you who are famed for hospitality, lovely women and mint-juleps, representatives of a land and race possessing traditions and a home life peculiarly sweet and attractive, but so rapidly passing that only remnants of its pristine glory can now be dimly seen through the wave of commercialism that is rapidly sweeping over your country, rich in every resource, possessing one of the great natural gardens of the world, our hearts are very warm, and you hold an abiding place in our affection.

To the WEST, brothers all, builders of empire, gaining inspiration from the big things of nature all about you, fighting for supremacy with the daily conviction that you are conquering, awaiting with patience the completion of that stupendous work which will furnish the connecting link between East and West, join ocean to ocean, and give your country a mighty uplift and advancement in commercial growth, prosperity and importance, to you we say,—“Well done, God-speed.” We stand with you shoulder to shoulder; the warmth of our welcome can not fail to be understood by you.

To the NORTH, the empire behind the wall, containing riches and undeveloped resources far beyond the most vivid imagination, represented by our sister city of Winnipeg, we extend a most hearty welcome, and hope the day is not far distant when the coping of our division wall may be removed, and the working of our closer relations may prove so mutually beneficial that ere long the last stone will be rolled away, permitting of such free exchange of trade as is enjoyed among our states, making us brothers indeed.

I shall not attempt to extol our city or state. We are proud of both, and glory in the ambition, vigor and generosity of our sterling citizenship. Nature has endowed our country very richly; she is now dressed in her most attractive garment for your inspection; look her over and if for any reason “Home, Sweet Home” loses its charm for you, come to us, join the big Northwestern family, and be assured of a warm and hearty welcome. (Great applause.)

President McAdow—I believe I have heard something about holding a peace meeting in St. Paul. I wonder if there is anything suggestive about Minneapolis going to St. Paul to hold this “peace meeting”?

(Laughter.) For some reason when we say Minneapolis we are very apt to think St. Paul and *vice versa* and for that reason undoubtedly it was believed this program would not be complete without some words from the St. Paul association, and especially because they have an orator who is really silver-tongued, who does not need an introduction. It is my pleasure to present Mr. H. W. Parker, of St. Paul.

Address of Welcome by H. W. Parker, of the St. Paul Association of Credit Men.

Mr. President and Gentlemen:

It is a pleasure, and indeed a privilege, to join with our sister association of Minneapolis in welcoming you to the Twin Cities. It needs but one glance into your smiling, radiant faces to be convinced that the fair Minnie has already captured you. We who know her so well have small reason to wonder at this because, when clothed in her dimity gown of summer, roseate with the tint given by the Creator's brush, she turns her coquettish eyes upon you and beams her golden smile of promise, it is a foregone conclusion that you will be enamored of her.

Did I but possess the eloquence of a Demosthenes, or the silvery tongue of a Depew, I should hope to inspire in you a sure sense of what your presence here means to the people of these communities. Failing in such gifts, I can but employ the humbler language.

Your brief sojourn amongst us means much to you and the 15,000 members you represent, because you will be called upon to determine questions of nation-wide importance to the business man. To us your presence means more than can be gained by a casual glance or hurried mental summing. Just as the good you accomplish will live after you, so your presence here will be felt by us long after you have gone. The impress of your personalities and deliberations will be left upon us, and cannot but serve to help us understand to a fuller degree the work the National Association is promoting, and inspire us to give more fully of our labors in the advancement of the cause.

The gentlemen who have spoken have in language most fit and eloquent painted for you the wonders of our state and of the Twin Cities. As a further endorsement of all they have said relative to the advantages our people enjoy, so impressed is Congress with Minnesota that it contemplates the establishment of a summer Capital at Wayzata, which you know is a suburb of Minneapolis. You know how proud a father is of his child. You know, too, how much prouder a father is of twins. How great then the pride of the State of Minnesota in her Twin Cities—Minnie and Paul!

Just over the river Saint Paul is burnishing his halo and ironing the wrinkles out of his flowing robes, because you know to-morrow evening he will be your host, and sharing with him in that honor will be his sister Minnie, in whom he takes just pride.

We await your coming, ladies and gentlemen, with great anticipation. (Long-continued applause.)

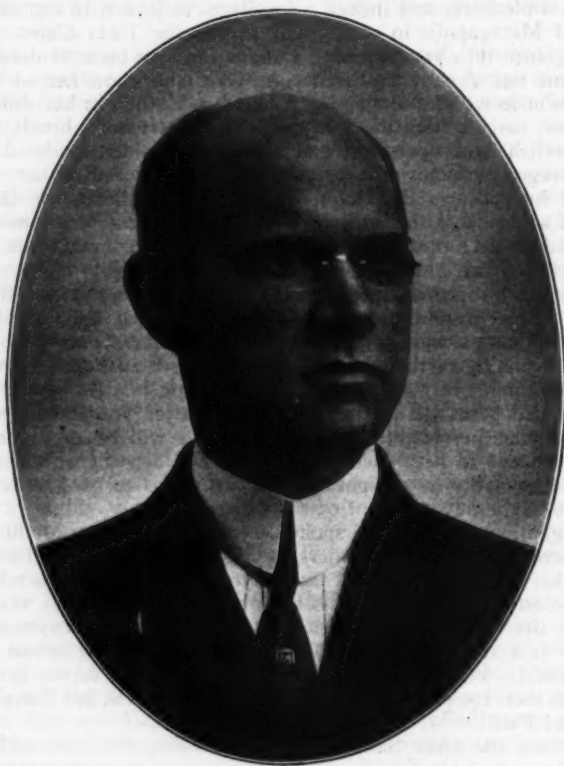
President McAdow—A response to such warm and earnest words of welcome calls for some of our best talent, and you know what the silver-tongued orator of the South always stands for and what it means. Therefore the first response on behalf of the Association will be given by Mr. H. E. Choate, of Atlanta, Georgia, whom I now present to the convention. (Great applause.)

**Response to addresses of Welcome by H. E. Choate,
Atlanta, Ga.**

Mr. President, Ladies and Gentlemen:

I believe our good friend, Mr. Hopkins, in his altogether beautiful tribute to my native section, the Southland, incidentally referred to the mint julep. Coming from a prohibition state, I am not clear as to whether a mint julep is a state of mind or a sort of inward lotion. However, if there is such a thing as an intellectual mint julep I am sure that no one would grudge me one at this time.

In thanking our hosts for this gracious, this Minnesota welcome,



HERBERT E. CHOATE
J. K. Orr Shoe Co., Atlanta, Ga.
Director

I am doubly embarrassed by the generous introduction of our president, and by the brilliant array of talent which I find has been retained by the other side; but, fortunately for our cause, my part in the general scheme, as you shall see, is a very modest one.

It is possible that those of the uninitiated, after listening to the delightful speeches with which we have been favored, may have been betrayed into the impression that one of the prerequisites to member-

ship in this organization involves the necessity of quite a good deal of specializing in oratory. Lest some may be deterred from joining on that account, I shall easily demonstrate within the five minutes allotted that no such qualification is necessary.

Heretofore, in the economy of arrangement, the function of responding to the addresses of welcome has been exercised through a single voice, but it was seen that on this occasion the task of conveying to you even the most casual expression of our feelings was too big a job for any one man, it mattered not what his gifts might be. And, so it was agreed that in addition to the regularly commissioned orator, a plain member of the board should say a few words; and as I happened to harmonize with that description to the satisfaction of our president, this pleasant if unwonted task has fallen to me.

But my remarks are supposed to be on behalf of the merest fraction of this organization—the officers and board of directors—while the weightier commission of speaking for the body as a whole has been assigned to another of eloquent speech—a gentleman who will hold you with a charm as complete as the Ancient Mariner did the festive Bridegroom.

When the officers and members of the board visited your city last fall and shook the bough of your hospitality they were showered with such opulence of your choicest fruit, that the windfall of to-day was in a measure anticipated. On that occasion the spirit of your hospitality was made manifest on every hand, but we were particularly charmed by the prospect held out to us by Mr. Parker of the St. Paul association who, in chaste and iridescent phrase, limned for us a fascinating picture, prefiguring the manner of your greeting here to-day, wherein we beheld a vision of that rare and radiant maiden who typifies your city, appareled in her dimity gown of summer, smiling her most gracious welcome.

Perhaps I ought to apologize to Mr. Parker for spoiling his charming picture, and I do, but we were captivated by the engaging qualities of his twin graces, Minneapolis and Saint Paul, whose very physical presence he had so visualized for us, that I am not sure but that some of us were a trifle disappointed at first that they were not here in flesh and blood to greet us; but since we came, and have had a chance to take our bearings, and especially to look in on the "Get Acquainted Party," we have been making, after the manner of credit men, what I trust you will regard, a polite appraisal; and, believe me, the smiles of these their charming god-daughters who honor us with their presence, while they, mayhap, are not immortal, I think I can say, have proved almost mortal for us; and we would not exchange their gracious presence for all the favors of all the graces.

We are met together primarily for the purpose of weighing and discussing those questions which come up in our daily vocation and which concern us most nearly; seeking through the contact of mind with mind to winnow from the chaff a few new grains of truth to add to our store of useful knowledge; having in view the broadening of our vision, the harmonizing of our working ideas, and the perfecting of our ethical standards. Such are the principal fruits, while the by-products of the harvest are of hardly less value.

This coming together once a year of a thousand observant and thoughtful men from every section of our country; this mingling for a few days in a spirit of comradeship, brings us very close together, not alone in our business problems, but in those higher and nobler sentiments which we cherish as patriotic Americans. The big things you have

done and are doing out here, are, to most of us, a revelation; they are a source of pride and inspiration to all—for the glory of the Northwest is the common heritage of all our people—"it is of the treasure of the whole country."

It is good to be here; it is most amiable of you to want us; and if my feeble expressions fail properly to convey to you our deep and abiding appreciation of your generous courtesy, I would have you know that I realize at this moment as never before the significance of the words of the Melancholy Dane when he said, "Beggar that I am; I am even poor in thanks, but I thank you." (Great applause).

President McAdow—The arrangement of the responses to the addresses of welcome is somewhat duel in its nature and this duel quality will now be exemplified in the response on behalf of the National Association of Credit Men by Mr. H. G. Moore, of Kansas City, Mo.

Response to Addresses of Welcome by H. G. Moore, Kansas City, Missouri.

Gentlemen of the Minneapolis and St. Paul Associations:

I am accorded five minutes on this program. What is five minutes in which to acknowledge your happy greetings, in which to tell of the glories of Minneapolis, or even to touch upon the commercial power of St. Paul! Gentlemen, I come from a great and growing city, second to-day in my thought and esteem, and I believe I can appreciate that even five hours could not suffice were I to try to do justice to your cities.

Minneapolis! With your third of a million population, your thousand factories, your enormous grain receipts and your unequalled flour shipments, with your gigantic bank clearings, your enviable wholesale and retail trade—you indeed possess every element which goes to make up a prosperous and happy community. We cannot but agree that Minneapolis is surely a magnificent city for business and an ideal place in which to live.

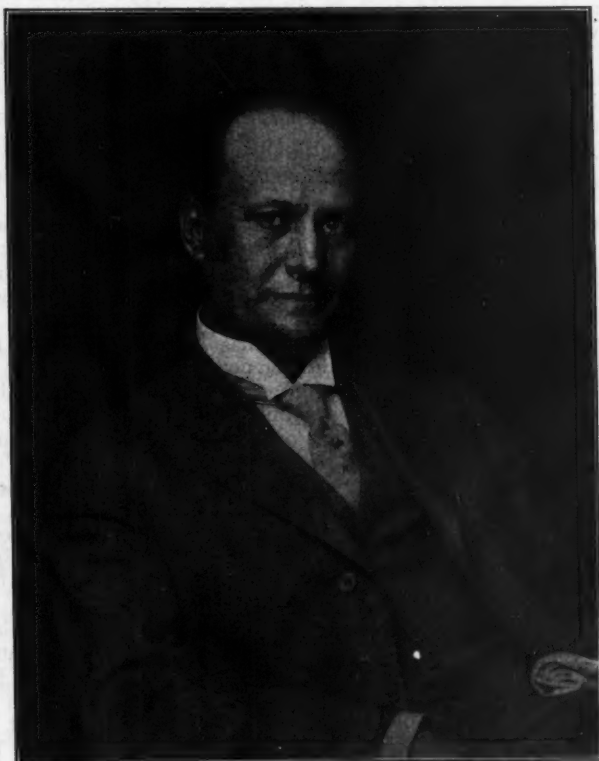
And that which we say of Minneapolis is also happily true of her twin sister, the beautiful city of St. Paul, and we extend our hearty congratulations that two cities each of such magnitude and importance should dwell so closely together in peace and harmony each striving not only for her own advancement but for that of each other and the great state with which their fortunes are linked.

We are happy to have come to you; we shall be glad to stay. Who would not be happy to come and glad to stay in the home of Swen Swenson, Yon Yonson, and Sol Solsbury? It is certainly fitting that your city so ideally located and so famed as a convention city should be privileged to entertain this, the greatest convention of the National Association of Credit Men in the history of our organization, which, as you no doubt well know, is the largest commercial organization in the world! May our coming be of great benefit to you and your city commercially and to the business interests here represented and may our stay be equally beneficial to ourselves.

We cannot fail to draw inspiration from the atmosphere about us, to feel the genuineness and warmth of your welcome. We know that you do things up here. Of this we see evidences on every side. We note you not only do things in a large way but that you do them in pairs. We are reminded of the old darky woman down in Missouri in

a Methodist experience meeting who was loudly shouting "Glory! Glory! Glory!" When asked by the presiding brother to testify she said that she had so much to be thankful for that she could not tell where to begin. "Well, tell of your greatest blessing," said the brother. "Well," says the sister, "the thing what I'se got to be most thankful for is that I'se got two teeth what still hits." Minneapolis and St. Paul "shuah do hit!"

As an organization we shall not soon forget Minneapolis for it is here that we are to lose the Meekest secretary that we shall ever



H. G. MOORE
Big Four Implement Co., Kansas City, Mo.
Director

have. My brother from the south has carried you with his eloquence to heights which I can not attain, to which I dare not aspire, and I can only look on from afar, listen with modesty and wish I might follow his ascent. But alas I cannot, for he is both a scholar and a poet, one with honor in his own country and among his own kin as well as abroad. I wish that I might come to you and express myself as would a McAdow, a Prendergast, a Fessenden, a Hutchins, a Marshall or a Spangler, but I can not. I can not bring you the laurel wreaths,

the garlands of orange blossoms and magnolia blooms of the south as does Brother Choate, nor can I shower bouquets upon you of the Northwest as you surely deserve, but as a layman of the ranks I bring you my bunch of forget-me-nots and tell you that we love you.

I do not know why two responses were arranged to your addresses of welcome while in the past one has been deemed sufficient. I take it that in arranging the program someone had foresight enough to appreciate the heartiness of your welcome which we this day are receiving and to anticipate your gracious hospitality, and in acknowledgment of your many courtesies two of us have been assigned to thank you for the pleasure of at least a temporary abidance in your midst. While we know it is customary to say, "We thank you," when we go, and to say "Howdy" when we come, I am going to reverse the usual order and just imagine it was time for us to leave and that it was my privilege and high honor to say these words at the close rather than at the opening of this convention.

Why not say them to-day as well as Friday next! Why not at the beginning as well as at the end! Why not *now*, as well as then?

We are so certain of our enjoyment and so profound is our conviction that words of praise and thanks will be due you then, that it is our honor to acknowledge our indebtedness to you to-day and we shall not expect nor could we receive any rebate or cash discount for payment in advance.

Your bread which we have eaten has been enjoyed and few of us know whether the flour is bleached or not.

Your extension of credit has been so generous already that we feel sure we will secure the goods this week without being asked to fill out a property statement blank or deposit collateral to secure the payment.

We believe we will be as successful in this respect as Sergeant O'Halloran was in a certain sporting proposition. O'Halloran had a mania for gambling and hoping to reform him and to prevent the demoralization of his men O'Halloran's colonel at your own Fort Snelling transferred him to Fort Leavenworth, telling the colonel there of O'Halloran's weakness and urging him to cure the sergeant if possible. When O'Halloran reached Fort Leavenworth he had an interview with the colonel commanding who told him that he would not be permitted to gamble. "Why," says the sergeant, "I don't gamble. While I may play in an occasional game of cards or make a friendly bet, I am by no means a gambler; but I will make this proposition to you, colonel, I will bet you \$25 that there is a great big black mole in the small of your back." The colonel at once accepted the bet, stripped off his coat, vest and shirt and won the bet which he triumphantly collected from the sergeant. He then wrote to the colonel at Fort Snelling who had sent O'Halloran to Fort Leavenworth, and said he would soon break the young man of gambling, he hoped. "For," the colonel wrote, "O'Halloran hadn't been here fifteen minutes before he lost \$25 to me on the bet that I had a black mole in the small of my back." The Fort Snelling colonel replied: "That is all right for you, but the last thing O'Halloran did before he left was to bet me \$75 that he would have your shirt off inside the first hour." (Great laughter and applause.)

I trust that we shall be able to encompass your splendid hospitality and will not be like the nigger boy who was taken sick and the doctor was called in. He found out from the boy's mother that he had been

in the watermelon patch all day and the doctor said, "My boy, I think this is a case of too much watermelon," "O, no, Masser Doctor," said the little nigger, "it ain't no case of too much watermelon; it is a case of not enough nigger."

Of course the ladies have enjoyed themselves as they always do; they have laughed with your laughing water, they have smiled with their usual graciousness and your committee has been so generous in their entertainment that I am privileged to thank you in behalf of the ladies at this time. I enjoy this rare privilege on account of the fact that I am a past chaplain as well as the only living past president of the Lemon Club.

Minneapolis, your rating has been advanced from B+1 to AA-AA 1! We acknowledge our indebtedness! We confess our inability to repay you! We confess judgment! We owe you! We know it! We thank you Minneapolis-St. Paul, thrice thank you! We hope to come again! Good-bye! (Great applause.)

The Pittsburgh Glee Club then rendered "Minnesota," which was received with great applause.

President McAdow—Gentlemen of the convention, permit me to tell you that we are indebted to the Pittsburgh Glee Club for this beautiful music, but on account of the wear and tear to their voices experienced on the train yesterday, they can respond to no encores to-day.

Now comes a most trying moment, when we descend from the mount of exhilaration to the plainer things of life, and you are required to listen to the president's address. (Applause.)

Annual Address of the President, F. H. McAdow.

Fellow Members of the National Association of Credit Men:

"We live in deeds, and not in years; in thoughts and not in breaths."

The past year, as marking the flight of time, seems very short when we come to consider it in review; but it has been full of possibilities as well as of accomplishment. It may be very potential, too, in the tendencies it has developed; and because of its *experiences*, because of influences it has set in motion, and the effect these may have upon the future of our organization, it is a fit time to take a new reckoning of our progress and our future course. To me, individually, because of the position I have held, it seems a fitting time for rendering an account of the stewardship intrusted to me as your chief executive. I have, therefore, come to this hour with no little misgiving, yet with a desire to weigh very seriously and accurately our record, our intent, and our obligation to the future.

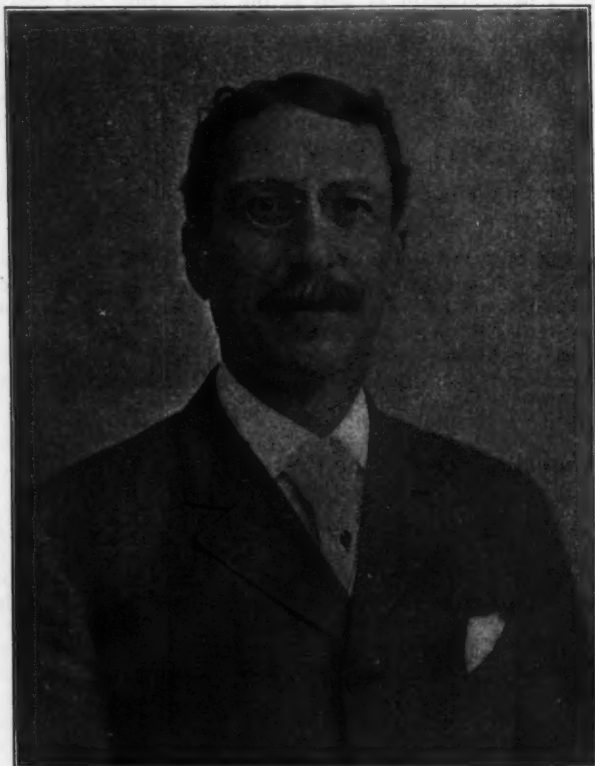
The real work or summary of the year's achievements, will be properly and very fully shown by the reports of our various committees and I shall try to avoid trenching or trespassing on the ground they rightly cover.

What I may say should reflect in a general way the result of their labors in its effect upon existing conditions, and indicate, if possible, directions in which our energies may best be exerted for the future.

With the deepest interest I have sought to keep in touch with, and to measure properly the interest taken in our work by our membership as *individuals*—to feel constantly the pulse of personal effort. Our future success must depend more and more upon this peculiar but essential

element of strength. The French aptly term it, "*esprit de corps*." I think it may also be described as *enthusiasm* and *interest* on the part of the *individual*.

Our strength for the future, as in the past, will be only the aggregated activity of each individual unit composing our whole. I am glad to report that this analysis of our situation is encouraging. Our members have responded willingly when called to service. The men who put time, energy and enthusiasm into the cause, in the early day of smaller beginnings and greater difficulties, are still helpful and interested. They



O. G. FESSENDEN

Hayden W. Wheeler & Co., New York, N. Y.
Acting Secretary-Treasurer

are keeping the faith, still believing in the righteousness of our cause and the necessity for our activities.

Because our work is entirely altruistic and voluntary in its character and purpose, this spirit of devotion and sacrifice must be perpetuated, and grow in intensity, if we are to maintain our high standard of achievement, and come to our highest possibilities. I am therefore glad to report that, by this barometer test, I believe our condition is healthy and full of promise. I most thoroughly believe that this spirit of interest and enthusiasm will result in constantly increasing membership, and that

means increasing prestige and influence as well as healthy growth in *all* directions.

Our success for the future, as in the past, will depend largely also upon our willingness to take the initiative. When we cease to do that, I feel that we shall be showing symptoms of decadence. Heretofore, we have not hesitated to take up arms against any array of commercial troubles, and by opposing, have ended many of them, thus transmitting into virile action the philosophy of the world's greatest dramatist.

Let us continue to believe that "the *best* is yet to be." If our Association is to be the modern Hercules, let us not shirk from any task, or fear to face and attack any evil in business conditions. May it always be said of us, that we "Conceive nothing which we do not undertake, and undertake nothing which we do not achieve."

In my report to our last convention, I referred to the adjustment bureau as presenting one of our important problems which we perhaps had not yet fully solved. I now believe that the work of the past year has resulted in a much clearer vision in this field of effort, and that we have found the value of the unknown quality in this equation.

The advent of the bankruptcy law brought about evolution, and a revolution, in handling collections. Creditors discovered that all shared alike in the distribution anyway, and they became apathetic and indifferent. They threw a bankrupt claim into the mill and let it go. In so doing, they lost sight of the great principle of conservation for which our Association is contending so earnestly, and became, through negligence, contributors to a great economic waste which our commercial interests should not be called upon to bear. The result was a most extravagant sacrifice of assets, so palpable and uncalled for that referees, courts and even attorneys cried out against it. Such indifference on the part of creditors even endangered the bankruptcy law itself, because it was not permitted to realize its greatest possibilities in the way of dividends, and many creditors wrongfully condemned it therefor. The credit man heeded and responded to this call, through adjustment bureaus, thus doing in a collective, organized way what we were neglecting individually. His intentions were misunderstood at first, and he was accused of going into the collection business. He also, possibly, made some mistakes in the beginning.

I feel that the horizon is clearing of these difficulties. The adjustment bureaus have called attention to the evils and abuses that had crept into the administration of the bankruptcy law, with the result that these wrongs are being righted; and when this is done, the bankruptcy law will come into its own, and its beneficent features will be more clearly recognized. Without the work of adjustment bureaus, these reforms, in my judgment, would not have been brought about, and I wish here to pay tribute to the men who have worked and are working upon the Adjustment Bureau Committees of the local associations. Theirs has been no light task. They have borne the burden and heat of the day. The sacrifices they have made in time and energy will continue to bear good fruit, and I think it is proper here to acknowledge our indebtedness to them. I have come to believe that the adjustment bureau has demonstrated its fitness for service, and that this work should be carried on to greater success, for it is in line with one of our main declarations, namely: for the conservation of assets, and the reduction of losses from bad debts.

A question of renewed initiative which has pressed itself upon your National board for answer, during the past year, is the demand

for the re-establishment of a National fund for the prosecution of fraud. By vote of a former board or convention, this question was referred to the local associations, with recommendations that each one desiring to do so should maintain and administer its own fund for this purpose. The board will bring the matter before this convention for advice and further action. Whatever conclusion may be reached, or action taken, the demand for such a fund seems somewhat insistent, notwithstanding previous experience. This evidently is based upon a belief that we will not be entirely true to our declaration of purpose, until we see to it that commercial fraud cannot be perpetrated with impunity or immunity from penalty; and there is reason in this demand.

The bankruptcy law has created more favorable conditions under which to operate such a fund, as it provides for the examination of the fraudulent debtor under oath, and by processes of court.

An English poet of far vision once wrote:

"Ill fares the land, to hastening ills a prey
When wealth accumulates, but *men* decay."

Applying this thought, we may well consider whether the outlook for our community or government is not ominous, when the public conscience does not respond quickly and eagerly to the demand that commercial wrongs shall be righted and punished, and that right and justice shall prevail.

I am sure, therefore, that in the consideration of this question, our duty to the public, because of the purposes we have declared and the obligations we have assumed will be fully taken into account.

If we consider existing trade conditions, it will seem evident to all that the contraction of credit and the demand for retrenchment, foreshadowed in our report of a year ago as a possible necessity, or solution of an impending problem, have been realized. The experience of the year impresses us anew with the truth that it is much easier to expand than to contract. The contraction was forced upon us by the conditions; and it will probably prove to be a healthy trade tonic.

That we have been able thus far to go through a pretty well defined period of business depression, resulting from this process of contraction and partial liquidation, without experiencing any abnormal disturbance of credit conditions, is a source of satisfaction, and, I believe, augurs well for the future. Disappointment over a temporary depression of trade in many lines, seems to be mingled with confidence in the general situation.

The National Monetary Commission has made most substantial progress, and the recommendations embodied in their report are now being carefully weighed and considered. The fact that there seems near at hand an adequate and intelligent remedy for the existing defects in our currency system, will be a strong factor in maintaining confidence.

I believe it may be said prudently and conservatively that the developments of the year, as affecting credit, have been favorable, and represent progress in the right direction. The apprehensions of a year ago have been largely removed. The demand for retrenchment and economy, which we always dread and seek to evade, has been complied with, and a continued policy of moderate conservatism will undoubtedly soon restore trade conditions in all lines to a normal basis.

In looking to the future, I am constrained to say again one word in regard to our sphere of influence. We are a recognized force in the commercial world, partly because we have been successful in our work,

but in a greater degree because we have been entirely unselfish in our purposes and objects. We have sought only the general good, and never individual gain. This has won the respect of all from whom we have sought aid, and this standard of action must never be abandoned. We must steadfastly hold aloof from commercialism in any form, or even the semblance of self-seeking. To deviate in the least from this line of conduct at once spells loss of prestige, defeat and disintegration. These traditions and declarations of the past, by which we have come to our present enviable position, must therefore become a sacred trust to those who come after us in the administration of our affairs and the shaping of our policies. I am convinced that in this, my final report, I can make no more important statement, though I hope and believe the time may never come when men will feel it necessary to refer back to this warning.

Our aid and influence have been sought, and been extended during the past year to one very deserving cause. I refer to our co-operation with the National Fire Protection Association in their most laudable efforts to reduce the annual fire loss of our nation. Their plan is educational in its scope, and they should be aided and encouraged in their efforts to bring about better conditions, and to reduce the enormous fire waste which is a most burdensome and needless tax upon our commerce. If we rest content under these conditions, and make no attempt to remove the causes leading to the loss of the vast sum which is being collected from our people annually and distributed through the insurance companies, we are but confessing to the world the crudity of our governmental methods, and admitting our failure to keep pace with the progress of civilization.

Our Association was honored by the election of our Secretary-Treasurer, Mr. Meek, as one of the directors of this organization, this being the only instance in which any person outside of direct connection with the insurance business has been so chosen. The result is that we have been in better position to aid their meritorious cause; and from what I have observed we should continue to assist in the agitation for better building conditions, for a deeper sense of individual responsibility, and for an aroused public conscience which will no longer tolerate the great and needless annual fire loss which is so greatly to our discredit as a commercial nation.

I congratulate our Association upon the splendid representation now assembled in convention, in this metropolis of the great Northwest, to sum up the results of a successful year of effort and to plan and legislate for still greater things in the future. We are here to renew acquaintance, to cement afresh the pleasant fellowship of past years, and to enjoy heartily the hospitality of our hosts and the generous courtesies they are extending us. A splendid program has been provided, and men of prominence will give us addresses on subjects of deep interest. Some of these speakers have come from great distances, and we expect to be benefited and encouraged by the views and ideas presented for our consideration. It is incumbent upon us to show our *appreciation*, therefore, by regular attendance upon the sessions of the convention, by taking earnest part in its business deliberations, and by giving our speakers an appreciative hearing, thus securing the greatest benefit to each individual. To this end, I bespeak the hearty co-operation of each and every delegate.

For myself, and for the Association, I extend sincere and hearty thanks to my official colleagues and our Board of Directors for the spirit of earnest loyalty in which they have responded to every call made upon

them in the last two years. While men continue to render such service as they have given, so cheerfully and thoroughly, our cause is assured of continued success.

In the same way I thank the men who have accepted and rendered similar service upon our various committees. To them be the reward that comes from the consciousness of duty well performed. All our activities are crystallized into concrete form through the work of these committees, and without this splendid service we could not have suc-



F. H. McADOW
Staver Carriage Co., Chicago, Ill.
Director

ceeded in the past, nor can we make substantial progress in the future. Our honor roll may well be made up of the men who have served on these various committees.

In this connection, it may be well to renew a recommendation of one of our former presidents: that, whenever possible, each standing committee, with the exception of the legislative, be made up of men from the same city or local association, so that these committees may be more easily and frequently brought together for their deliberations.

I express thanks and hearty appreciation to the staff in the office of our Secretary-Treasurer, but especially to Mr. Meek. I shall only voice the sentiment of our entire membership, I am sure, if I attempt to put into words our admiration of his genial comradeship, his thoughtful courtesy, and the splendid constructive work which he has given us during his tenure of office. We know that all of his heart and soul has been given us, and the results are his best and highest endorsement. Personally, I wish to recognize the earnest and loyal support he has given me, which has lightened and made more enjoyable the duties of my position. Only your chief executive can fully realize and appreciate the helpfulness of this kind of co-operation.

Another feature of Mr. Meek's service, I think, may well be recognized here. During his tenure of office you have placed in his hands *four presidents*. They were men of widely different temperaments and varying dispositions. Each new president presented new and perplexing problems. They were to be coached, guided, and borne with, their propensities studied and kept within proper channels. This applies with special emphasis to the present incumbent of the office. Mr. Meek has met these trying responsibilities with unruffled poise, and unabated, uncomplaining cheerfulness. We can hardly wonder, therefore, that after seven years of such strain, such strenuous drain upon his reserve forces, he has decided to seek that restful repose, that *otium cum dignitate*, which, in the popular belief, is to be found only in the soothing atmosphere of a bank. As we accord recognition to a worthy and deserving official, let us congratulate ourselves that he continues to be a *credit man*, and *one of us*, and rest in the full belief that whenever, in the future, the trumpet sounds the call of "Vigilantia," he will be found among those who are leading the charge.

I lay down this trust which you imposed upon me with emotions in which relief and regret are strangely commingled,—relief, because the feeling of responsibility has borne heavily at times, and I shall take my place in the ranks again with an unrestrained and perhaps unavoidable sense of freedom; regret, because I wish I might have been able to do more to enlarge our success; with regret also because of the uniform kindness and warm-hearted loyalty you have extended me in the discharge of the duties of an office which I regard as carrying the greatest honor that can come to any man in his business career, and for which I shall always hold in my heart a feeling of the deepest and most profound gratitude. Again I thank you.

Following the president's address, the Pittsburgh Glee Club sang amid great applause, "Illinois," in honor of the president.

President McAdow—That puts Illinois next to Minnesota to-day. Now, we begin to come to the real thing. It does not need any introduction. Just the Secretary-Treasurer, Mr. Meek, and his report.

Report of the Secretary-Treasurer, Chas. E. Meek.

To the Officers and Members of the National Association of Credit Men:

It has been my good fortune to appear before you for eight consecutive years for the purpose of presenting an annual statement of the Association's finances, and of reporting upon those other phases of its work, which in my judgment, required special attention. It is with genuine satisfaction that I have been able at the end of each year to

present a report which has showed the affairs of your Association to be in a flourishing condition, and that the present year-end is no exception but brings to a close a new record of successful achievements, gives me cause for special rejoicing for it is so to speak the climax of my stewardship since I am about to surrender the office to which you have for seven years elected me.

Each successive year in the Association's history has brought its reward. Increasing membership has provided the means for greatly enlarging the scope of its work, besides supplying the necessary financial support. As the report of the Membership Committee will place before you the statistics for the year, mention will only be made here of the fact that we have set another high-water mark, and that the year's gain has been the greatest so far recorded.

The figures which will now be laid before you cover thirteen months' work, therefore no comparison is possible with last year's report, which included only eleven months.

From May 1, 1910, to June 1, 1911, the receipts and disbursements were:

Receipts.

May 1, 1910, cash in bank	\$7,019.85
Individual dues received during the year	14,110.01
Organization dues	40,381.70
Sale of Association blanks	1,747.02
Sale of Diary	3,712.63
Sale of Badges	479.76
Sale of Printed Matter	3,108.26
Sale of Bulletin	333.67
Total	\$70,892.90

Disbursements.

Stationery and Printing	\$6,522.60
Postage	2,945.45
General Expenses	9,728.29
Organization Expenses	7,364.60
Salaries	17,352.68
Equipment	472.08
Blanks	1,475.87
Legal Expenses	5,212.01
Bulletin	7,939.72
Diary	2,550.78
Badges	659.52
Total	\$62,223.60

Balance in bank, June 1, 1911	\$8,669.30
Balance in office account	1,240.17

Total cash on hand **\$9,909.47**

Lest a wrong impression be created by the figures covering legal expenses, let me remind you that while the last convention was in session, we had a most important case pending in the Supreme Court of the United States involving the permanency of the bulk sales law and also were conducting a country-wide campaign for the amending of the bank-

ruptcy act. In both of these undertakings we met with success, for not only was the bulk sales law of Michigan sustained by the highest court of the land, but the Sherley bill amending the bankruptcy act passed both branches of Congress, receiving the approval of President Taft a little over a month after the adjourning of the New Orleans convention. The National Association of Credit Men paid every dollar of expense connected with these two most important matters, important to every business man in the land, yet carried to successful termination by a comparatively small percentage of those benefited.

Not for any personal reason, but believing that many do not realize the strides the Association has made, I am led to present a comparative statement covering the first and last years of my service:

Membership.

June 1, 1904.....	5,327	
June 1, 1911.....	14,424	Increase.....9,097

Receipts from all sources—

Year ending June 1, 1905..	\$23,706.91	
Year ending June 1, 1911..	70,892.90	Increase..\$47,185.99

Disbursements—

Year ending June 1, 1905..	\$22,851.43	
Year ending June 1, 1911..	62,223.60	Increase..\$39,372.17
Cash balance June 1, 1905...	\$1,605.48	
Cash balance June 1, 1911...	9,909.47	Increase..\$8,303.99

The point which it is my desire to impress upon you through these figures is this—just as you have grown in numbers and revenue, so have you increased in importance, extended your usefulness and widened the scope of your activities. Any member who to-day declares that he is not receiving value far in excess of his investment in the organization has either never put himself in position to or knows not whereof he speaks. Besides there are the indirect benefits of the Association's work which but few of us appreciate and yet greatly outweigh the value of the many direct benefits the Association stands ready to offer its members.

As your secretary, it has been my effort to encourage the individual members to establish close relations with the National office, and to bring about the closest possible harmony as a basis for co-operative effort between that office and the officers of the affiliated branches. As to the first of these purposes the increased demands made upon the office are evidence of the success met with. On the other hand, while almost without exception the most cordial relations have been maintained between the National office and affiliated associations and the most generous support has been forthcoming, there has cropped out here and there at times, something to indicate that the child has reached the point where it considers itself greater than its parent; a fatal mistake, fortunately made by few, whose shortcomings let us be charitable enough to overlook.

There has been substantial increase during the year in the staff of your employees, which now numbers fourteen, and I cannot refrain at this time from expressing the great satisfaction it has been to have associated with me in my work men upon whom I could depend, whose best thought and effort have been given unstintingly to the cause. The Association has in its service a force of employees which it has just cause to be proud of.

We are pleased to-day to welcome into our midst some brethren from across the border line, which, like the Mason and Dixon line, is rapidly being obliterated. We welcome you, and hope the day is not far distant when we shall be summoned to attend the meeting of the Credit Men of the Canadian Dominion and there appears to be every prospect that in the near future we shall find the Credit Men's Association of North America holding a "grand pow-wow" on the banks of the Saskatchewan. Without doubt, many of us have failed to realize the activities of our brethren of the North. Their feet are firmly planted on virgin soil, from which they are reaping large and bountiful crops. They are expanding their manufacturing interests and the growth of their jobbing trade has been enormous. We hope in the near future the statesmen of our country and Canada will become convinced of the soundness and truth of the statement made by one of our former presidents, that co-operation as the life of trade has taken the place of competition, and act accordingly.

In the closing hours of the last convention a resolution was adopted, the object of it being to eliminate the reading of reports at this gathering. My opinion is that a most important consideration was overlooked when this resolution was adopted. Your meetings of the past have stood in a class by themselves. You have built up a reputation for conducting a convention devoted to business. Do not damage that reputation now. Do not take chances of having your meetings develop into frolics. These conventions afford the one opportunity for those who have faithfully and conscientiously performed their duties, to meet you face to face and give you an account of their efforts. Much attention has been given this year to presenting the committee reports in as condensed form as possible, and while necessarily there is some repetition of that which was placed before you during earlier years, bear in mind the fact that at each convention there are many present for the first time, who undoubtedly will receive much benefit from just as full a presentation of the reports as our committee chairmen see fit to give.

There has been a plentiful crop during the year of mushroom credit men's associations. Some of these have sprung out of the fertile brain of certain enterprising lawyers and are personally-conducted propositions. Others have been promoted under false pretenses. While these organizations in no way affect your organization, they are to say the least, causes of annoyance and oftentimes prove confusing. In this connection, let me remind you of a resolution passed some years ago, calling upon the local associations to adopt a style of name similar to that of the National organization. This has been complied with by the majority of the affiliated branches. Those who have not yet taken the necessary steps should give this request serious consideration, and all local associations should carry on their letter heads a statement to the effect that they are affiliated with the National organization.

An association, to be fully successful, must have an adjustment of its machinery equal to the most delicately constructed device the ingenuity of man has ever produced. It must move automatically in the conversion of raw material into the finished product. There must be no slipping cogs. You have been building for this, and to-day have assembled an almost perfect piece of machinery. Let no selfish interests block you in its proper operation. Stand behind and defend the rights of your association with every ounce of red blood in your veins. To borrow from

Admiral Nelson, the National Association of Credit Men "expects every man to do his duty."

Work has been commenced on a new membership list, which will probably be ready for distribution in the fall. Owing to the large increase in membership, the publication of this list is very expensive and involves a tremendous amount of labor and therefore the policy adopted to issue a new list once in two years instead of annually should be continued.

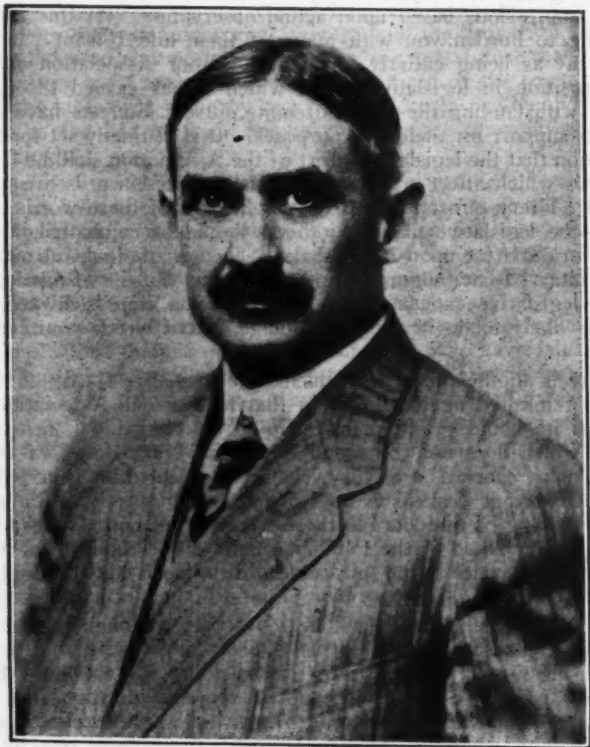
During my seven years as your secretary, I have formed some decided impressions based upon actual observation. At this time I am not going to burden you with many of them and I want you to take what I say as being entirely impersonal. Your Association occupies a strong position in legislative work, which it has earned through consistently withstanding the many attempts outside interests have made to secure its support for their own purposes. It is distinctly set forth in our constitution that the legislative effort of the Association shall be limited to those laws which affect credit transactions, as these words are generally accepted. Every effort to twist the application of these words so as to embrace the legislative plans of others, should be combatted, as should every effort to foist upon it half-baked schemes of doubtful merit. As your secretary, I have vigorously opposed going outside of our legitimate lines of legislative endeavor. In my opinion a step backward in this respect is likely to do irreparable damage, if not wreck your legislative machine.

There is another matter of which I am moved to speak. Though it has been reiterated again and again that neither our Association nor a branch of it should grant membership to any individual, firm or corporation which does not come under the qualifying clause of our constitution, many concerns are every year being accepted into our fellowship whose presence but weakens us in carrying out our purposes. I appreciate that this opening of the doors to those who are not bona fide grantors of credit as contemplated by the founders of the Association, is not intended as an act of disloyalty to the Association or its ideals but the result is the same nevertheless.

We cannot, fellow-members, be too strict; we ought never to put ourselves in a position where it is difficult to criticise that which it is our business to criticise, because in so doing we would be but exposing one of our own. The hope of our organization lies in the maintenance of its high ideals, which have up to the present, actuated our efforts and made us strong. Descend from these one iota, and the tendency to decay and disintegration will set in. The field lying before us, for legitimate increase among credit grantors is still large. There are as many perhaps who ought to be brought within the circle of our influence and also ought to be acting with us as we now have on our rolls, and with the continued growth of our population which is steadily going on, decade after decade, our legitimate expansion will never cease. So let us stand uncompromisingly in defense of the qualifying membership clause of our constitution, spurning all temptations to interpret it loosely.

It has been my pleasure during the year to visit many of our local associations, one of my trips taking me to the Pacific Coast, as a sort of emissary to the convention of the American Bankers' Association. Another trip which will be described in more detail in a committee report, was that made by Secretary Franklin H. Wentworth, of the National Fire

Protection Association among some sixteen of our branches. It was my privilege to accompany Mr. Wentworth over a part of his long route and see the effect of the magnificent appeal he made to the business men of America. I believe this work in which it has fallen to us to take part, that of conserving the created assets of our people, is one of the most beneficent into which we can throw ourselves and our alliance as an association with an organization such as Mr. Wentworth's, an organization as purely non-commercial as our own, honestly, efficiently, aggres-



NEWMAN ESSICK

Commercial National Bank, Los Angeles, Cal.

Director

sively managed, I consider to be most fortunate for both organizations and for the cause for which the alliance was formed.

I earnestly recommend to the individual concerns connected with our Association that they consider contributing to the support of the Protection Association by taking out a membership which will cost but \$5.00 per year. They can do this with the assurance that their money will be devoted intelligently and economically to the reduction of America's fire waste.

I would like to touch in this report upon a matter to which I have been giving some little attention, and which if taken up by our local asso-

ciations would, I believe, prove to be greatly to our advantage. I refer to the adjustment of commercial disputes or differences by committees of arbitration created by and working under rules laid down by local boards of trade, chambers of commerce or credit men's associations. As a means of adjusting ordinary differences, which every now and then arise between honorable men, the regular courts of law are expensive in time and money and besides cannot be expert in many questions of commercial practice as can a court conducted by business men. It needs no argument that not only does court process mean waste of assets and heavy expenditure of moneys, but the tying up of funds for a long period awaiting the judgment of the court, the consequent curtailing of credit and too frequently a decision quite unjust from the point of view of mercantile interests.

Courts of arbitration conducted by business men's organizations are not new, having been tried out in several cities in Canada, Great Britain and the Continent, besides to a very limited extent in our own country, and I believe that such institution would become of great value to business interests in most of our American cities. A resolution covering this subject I am going to offer to the Committee on Resolutions and trust it will be well received by them and by this convention.

There are many other things I would like to speak of at this time but will content myself by referring briefly to one point which I consider very important, and that is that we strive to hold our older men continually in the ranks of the Association workers. This Association has no veterans, no retired list; there is work a-plenty for all to do. We shall always need the poise, the ripened experience, the spirit of conservatism which the older heads bring, as well as the force, the enthusiasm, the resourcefulness of the younger members. Let neither be impatient of the other, but always recognize in official boards, both local and national, the need of giving recognition to both the older and the newer spirit. The talk of the older men retiring because it is time to give the younger set a chance, should be promptly stopped, for both can work together.

And now gentlemen, I feel as if I were delivering my valedictory, as I am about to relinquish the office I have now held for nearly eight years. Yet it is not as if I were going out from your midst, for it is my purpose to work with and for this Association for many years if I am spared to do so. I have formulated too many ideals for this organization to drop my interests easily. It has become in these years, my life,—my vocation and my avocation. I labored as a volunteer in the ranks just as many of you have, from the very earliest days of the organization, and probably can now recognize as few others can, its possibilities in perhaps the quite distant future, and also its limitations, and where are the shoals; and so I say I shall not lose my interest, and indeed, cannot.

Filling a place in the body commercial of undoubted importance, working under a constitution as wisely conceived as any under which a large body of men have worked, growing daily stronger because of the high services it has rendered, this Association surely has a destiny which all ought to consider it a privilege to help in working out.

Those with whom I have labored from year to year on official boards and committees, I wish to thank especially for their genuine help and never-failing forbearance, and to all members of the Association I wish to express feelings of deep gratitude for the confidence they have accorded me while serving as secretary of this organization. (Long continued applause).

Recess was taken until 2.30 o'clock P. M. of the same day.

AFTERNOON SESSION

Tuesday, June 13, 1911.

The afternoon session was called to order by the president at 2.30 o'clock P. M.

After brief announcements regarding rules of the convention, convention committees and state delegates, the secretary presented communications from the following clubs and organizations all extending a welcome to the city and placing themselves at the service of the visitors:

Commercial Club of Minneapolis;
Minnesota Bankers' Association;
Publicity Club of Minneapolis;
Minneapolis Wholesalers' and Manufacturers' Association;
West Side Commercial Club;
South Side Commercial Club;
Minneapolis Hardware Association;
Automobile Club of Minneapolis;
Retail Grocers' and General Merchants' Association of Minnesota;
Minikahda Club;
Minnesota Retail Druggists' Association;
East Lake Street Commercial Club;
Real Estate Board of Minneapolis;
Minnesota Wholesale Grocers' Bureau;
Rotary Club;
Retail Merchants' Association;
St. Anthony Commercial Club;
North Side Commercial Club;
Minneapolis Retail Grocers' Association;
Lake Harriet Commercial Club.

Also the following communication from the Washburn-Crosby Company was presented:

"As previously indicated to the Minneapolis committee, our company desires to extend a cordial invitation to the convention, to visit our offices, laboratory and testing-room in the Chamber of Commerce building, and the Washburn-Crosby milling plant in this city.

"Any day during the convention and any hour indicated will be entirely satisfactory to us.

"We sincerely trust that this invitation will prove of interest to you and assure you that we shall feel honored by your kind acceptance."

(Signed by Rista N. Best for the Washburn-Crosby Company.)

President McAdow—I have the pleasure to introduce a man who has been honored by the state of Minnesota in sending him as their representative to Congress, a man who has in that service attained national reputation, who by name at least really needs no introduction, I am sure, to this audience. We will now have the pleasure of hearing an address on the "Duties of the Business Man to the State," by Hon. James A. Tawney, of Wagona, Minn., and I have the pleasure of introducing Mr. Tawney at this time. (Great applause.)

DUTIES OF CORPORATE BUSINESS MEN TO THE STATE.

Address by the Hon. James A. Tawney, Member of Congress,
Winona, Minnesota.

I wish it were possible for me to express the pleasure of this opportunity of meeting the members of the National Association of Credit Men.

There is no association, either national or state with whose members I would rather be on friendly terms than with the credit men's association. We are told that 95 per cent. of the business of this country is transacted on credit. My share of that business is represented in the other 5 per cent. There is no branch of any large business, whether commercial, manufacturing or other business, more important to its success than the branch which you men here represent. Upon your knowledge of the business and trade conditions in the community in which your customers reside, upon your discriminating judgment of men, depends, in a large measure, the question of profit or loss, success or failure, when the books are closed at the end of the fiscal year.

The efficiency of our credit men is manifested all over this country by the absence to-day of the old collection docket in the office of the country lawyer. Twenty years ago every country lawyer and many lawyers in the cities kept a docket in which were registered all kinds of collections, good, bad and indifferent. This constituted an important part of their business and much of their income was derived from commissions. At that time, too, many a young man was working his way through the law office to the bar by attending to this class of his preceptor's business. To-day the lawyer's collection docket is a thing of the past. It is now ancient history. To that extent the credit men's trust is responsible for destroying the business of the country lawyer. Whether this constitutes a trust unreasonably restraining trade has not been judicially determined; but speaking, however, from the standpoint of the country lawyer, I think it is.

But, seriously, I believe it to be a fact which your experience will verify, that not more than 25 per cent. in number or amount of deferred payments collected twenty years ago by attorneys and other agencies are to-day collected in this way.

While this is true, nevertheless it cannot be attributed wholly to the efficiency of the credit man, nor to approved business methods.

There has been another and a very potential factor contributing to the reduction of unpaid accounts.

If you will analyze, you will find that never until recently in our history has the confidence of all the people in each other, in business conditions and in the future been as great as in the past fourteen years.

Confidence is prosperity, distrust is ruin. Hence our people have been more prosperous and better able to meet their deferred payments than ever before. But the great change in business conditions brought during the past quarter of a century, has been in the plan of organization and in the methods employed to get business.

In many cases no doubt these changes were prompted by the promise of larger profits; yet it was not wholly greed of gain or desire for increased profits that produced them. In many instances they were made necessary in order to meet the result of an evolution in business conditions peculiar to the age in which we live.

The unparalleled prosperity of our ninety millions of people has led to an enormous increase in their individual consumption as well as in their ability to pay. This, together with our rapidly increasing foreign population has brought enormously increased demand for everything we produce. Improvement in and extension of transportation and inter-communication by rail and electricity, has made it possible for one man to transact in a day more business than the same man could have transacted in ten days twenty-five years ago.

A business man in Chicago, in New York or in San Francisco can to-day sit at his desk in his office, transact more business in an hour with more people, and receive immediate responses than he could in two weeks twenty years ago.

By reason of the improved mail facilities, too, New York can communicate by mail with San Francisco and receive replies in less time now than it would have required years ago to carry a letter one way. Formerly men were employed to carry messages. Now lightning is employed for that purpose. Almost instant inter-communication has been developing by leaps and bounds. Within the past two decades it has grown from a comparatively small radius to a distance that is not now circumscribed even by the boundaries of continental United States.

This and many other things which the ingenuity of man has devised or invented have so improved the facilities for the transaction of business upon a large scale that it has become possible for business men greatly to increase their output, thereby meeting the increased demand for their products, and they are availing themselves of the opportunity.

To do this, however, additional capital was required, to obtain which it became necessary to abandon the co-partnerships, the old stock companies and the smaller corporations and organize corporations on a scale that would enable them to do an interstate instead of a local or an intrastate business and thus meet the changed conditions and take advantage of an opportunity afforded to supply a market for their wares extending into almost every town, city and hamlet in the land.

In the unfolding of this new era in the business world new duties and new obligations have been created and added to the duties and obligations which the business man formerly owed to the state. Many new and complex problems have also arisen for both the business man and the state to solve.

When the business of our country was carried on through co-partnerships, stock companies and comparatively small state corporations, their relation to the state, as well as their rights and their obligations were clearly defined and well understood. Then there were no complex problems growing out of either the form of their organization, or their methods of doing business to vex either business men or law-makers. But when the progressive and far-sighted business men, with the aid of the modern business facilities and opportunities given them by the genius of man and the favor of God, began to see in the future visions of largely increased earnings flowing from increased production, visions of widely extended markets for the sale of their products and their merchandise and of increased power and prominence for themselves in the great business world, they soon discovered that their ambition to make all these a living

reality could be attained only through the state, that they could not be realized through any of the older forms of business organization.

Accordingly, they availed themselves of the law of the state and either enlarged existing corporations or organized new ones with a capital sufficient in amount to enable them so to increase their productive capacity or their stock of domestic or foreign merchandise as the increased opportunity for the sale of their product or wares demanded.

But the mere organization of these greater corporations with their enormously increased capital was not sufficient for their purpose. These artificial entities had to be clothed with the right and power to protect themselves and their holdings. Therefore, they were given by the state, the right to invoke in its courts the law of the land for the protection of their corporate rights and corporate property. They were clothed in this respect with all the rights enjoyed by a sovereign citizen of the state.

But this was not enough. The liability of their stockholders for the acts and obligations of the corporation was limited by law to only double the par value of the stock, while in other cases all of the property of individual stockholders was made exempt from any corporate liability whatever.

In conferring upon corporations all these rights, powers, privileges and advantages, the state did not thereby license them to disregard its rights or the welfare of its citizens. It did not license them to do as they pleased, or utterly disregard the rights of their legitimate competitors, or the interests of consumers. On the contrary, those rights, powers and privileges were conferred primarily for the benefit of the public, to the end that all of the people as well as the corporations and their stockholders might share in the benefits of the larger business organizations made possible by the state and the improved methods for carrying on a large business.

The business men forming and conducting the business of these corporations then assumed in return for these favors from the state an obligation, both moral and legal, to employ in the conduct of their corporate business such methods only as are lawful, an obligation that they would not, for greed of gain or other cause, wantonly oppress the people or destroy the opportunity for individual initiative; that they would not engage in unfair or predatory competition that they might thereby secure for themselves a monopoly for the sale of their products or their wares and compel the people to pay them tribute in the form of extortionate prices.

These are some of the duties and obligations which the business men connected with corporations owe the state in return for the great privileges and the protection which the state affords them in their organization and in the conduct of their business.

The question then is—Have they recognized and observed these duties and these obligations? In the main, I should say yes.

When we consider the vast number of large corporations engaged in interstate and international trade, and the hundreds and thousands of business men engaged daily in the conduct and management of corporate business, the absence of any considerable number of causes brought against corporations for the violation of their duty and obligation to the state, not only confirms the statement, but it constitutes a tribute to the patriotism and sense of public duty on the part of these organizers and managers of great corporations.

While this is true as applied to corporations generally, there are, unfortunately, too many exceptions to the rule. If there were no exceptions, the many difficult and perplexing problems growing out of the abuse of corporate power would not exist to challenge the best thought and earnest consideration of the representative business men as well as representatives of the state. It is these exceptions to the rule, the corporations whose policy is or has been to ignore almost every duty and violate almost every important obligation they owe to government and man, that has given cause for the agitation in favor of and created the necessity for restricting the activities, the power and the methods of all corporations, the good, the bad and the indifferent, and this, too, without reference to how such restriction may affect the people or the industrial and financial welfare of the state.

The danger in this situation is that when the prejudices of the people are aroused, then public sentiment will justify the most radical remedies for the wrongs inflicted on the people by the few, and the innocent as well as the guilty suffer alike.

It is this fact, together with the fact that an indiscriminate restriction of the exercise of all corporate power would injuriously affect, if it would not entirely paralyze, business generally which makes it so necessary in prescribing legal remedies for the protection of the public against the abuses of corporate power, to exercise the most careful and discriminating judgment.

The remedy most frequently suggested is that of regulation and supervision of corporations in the exercise of their corporate power. While this seems plausible, yet, when you come to work it out logically, you instantly encounter obstacles that seem insurmountable. It is an easy task for the demagogue, the quack doctors of reform and professors of oratory, to talk eloquently about public wrongs and their remedies.

But, when they are called upon to formulate into law their proposed remedies and are confronted with the fact that these remedies must stand the test of right and justice, they are forced to abandon them.

Manifestly, the state cannot afford to adopt the policy of regulating and supervising the business of all corporations, because of the magnitude of the undertaking and also because of the expense involved. In that case the cost to the people would be greater than the benefits they would enjoy from the conduct of corporate business under state regulation and supervision.

If regulation and supervision should be limited to corporations doing an interstate business only, that would be objectionable for the same reason, because almost all state corporations are engaged in business out of as well as in the state.

If it is limited to corporations of a certain size, all under that size would be exempt, and you raise the question at once of the right of the state thus to discriminate, and many other legal questions that may defeat your whole purpose would arise.

That a remedy for the abuse of corporate power is demanded by the very nature of things, and must be found, all are agreed. The problem of finding the remedy, however, is not an easy task, or one that can safely be entrusted to the demagogue whose chief aim is self-glorification, regardless of consequences to the state or to the rights of others.

What would be the most effective and at the same time most just and feasible remedy for the abuses of corporate power, I would not venture to suggest; but I will say that in my judgment this and all other problems, however complex, growing out of the organization of great corporations organized under state laws, as well as the jurisdiction and the right to control such corporations, whether organized or doing business under the laws of the state or not, should never be surrendered to the federal government.

Federal control, regulation and supervision is desired by almost all the large corporations. This is favored on the alleged ground of uniformity of regulation. A careful study of their reasons, however, will disclose the fact that their real purpose is to get as far away from the control of the people as possible.

If the federal government possessed the power to regulate corporations, outside of railroad corporations, the convenience and benefit to the corporation of uniform regulation would not be sufficient to compensate for the inquisitorial processes of the central government.

These may be carried or conducted by the agents of that government holding commissions not from the people, but from the federal appointing power, under a life tenure, to the point of actually oppressing the people, leaving citizens of the state without an adequate remedy.

Or it might lead to the practice of favoritism on the part of such agent, as is shown by the evidence in the Standard Oil case, to have been practised by the employees of certain railroad companies, for the purpose of favoring the Standard Oil Company as against its competitors, and thus defeat the purpose of federal regulation.

While the lack of uniformity of state regulation, as far as we have state regulation, exists, that fact, however, is not conclusive against the possibility of reasonable or general uniformity under state authority. The fact that it does not now exist under the laws of the different states is not because of varying industrial, commercial or financial conditions. It may be attributed to several causes, none of which are to my mind insuperable, but could be removed and would be, under an awakening of the people to a realizing sense of the necessity and importance of doing so, thus retaining for the state and its people full control and power over these great business organizations either created by or doing business under its law.

We have many corporations in the states organized under state law engaged in the business of banking. These state banks do business with other banks and citizens in other states. We hear no complaint on account of any lack of uniformity in the laws of the respective states under which the business of banking is carried on, but this class of corporations are not now the valuable political asset for the demagogue they were twenty-five years ago, or that the manufacturing and other great corporations are now; hence, we have less difficulty in obtaining uniform legislation for the control of banking corporations.

There is yet another cause for the want of state uniformity in corporate legislation, and that is the indifference of the people, and especially the indifference of the business men on this subject, and also their indifference in the matter of choosing those to whom the

state must entrust the duty as well as the labor in solving these difficult and complex problems of government.

To the modern legislator these new business problems as well as legislative problems have come faster than he could master them.

They have excited his fears and his anxieties. In many cases he has attempted to apply the obsolete methods of twenty-five years ago to these problems, and when he could not he has condemned and opposed the things he could not understand.

That business should pass into forms of organization has seemed to him perilous and threatening to the stability of the country. Hence he attempts to make laws to stop progress because these problems have frightened him.

In many instances, following the lines of least resistance, we find him advocating a complete surrender by the state to the federal government of the exercise of the right and power to regulate and in some degree govern the conduct of these great corporations, the outgrowth of the business evolution that has been in progress for more than a century.

For myself, I believe that modern business organization is a permanent institution. I also confidently believe in the wisdom and ability of the people of the state ultimately to solve all the problems which their creation has presented; but you can no more stem the tide of progress in the conduct of the business of more than 90,000,000 of people than you can by law turn back the flow of the Niagara river across the falls.

This progress is bound to continue. Our duty in the premises, the duty of all business men, the duty of all citizens, is not to impede it, but to define clearly as well as restrict the power that accompanies it; to the end that the whole people may share in its advantages, in its benefits and in its blessings. I thank you.

President McAdow—We will now receive the report of the Legislative Committee to be presented by Mr. Guy P. Miller, Bridgeport, Connecticut, chairman of the committee.

REPORT OF THE LEGISLATIVE COMMITTEE.

To the Officers and Members of the National Association of Credit Men.

GENTLEMEN:

During the past year legislatures have been in session in forty states, and many bills have been presented both favorable and unfavorable to the objects of our Association. In some states where the bulk sales law was in effect the principal efforts have been to prevent the passage of injurious and vicious measures, while in many others the measures in which we are particularly interested have been pressed with more or less success. A great deal of hard work has been done by the legislative committees of the local associations, and through the chairmen I have been kept posted as to the progress of the work in the various states.

BULK SALES LAW.

On December 17, 1910, in a general letter addressed to the committee members, attention was called to the fact that the first work which the Association set out to accomplish, and which it has consistently striven for with great success, was the securing of a

bulk sales law in every state in the Union. On that date eight states were conspicuous for the absence of such legislation, viz.: Alabama, Arkansas, Illinois, Iowa, Kansas, Missouri, South Dakota and Wyoming. Earnest efforts have been made in all of these states, and success has been met with in the states of Alabama, Iowa and Wyoming, which have joined the great majority, leaving but five states without the bulk sales law. Great assistance was rendered by the local associations in adjoining states, to whom much credit should be given. Wyoming was almost entirely dependent upon the neighboring states of Colorado, Nebraska and Utah, as unfortunately there is no local association in Wyoming. In most of the five states in which we were not successful the prospects looked most encouraging at the start, and it is believed that the hard work done has not been entirely without result, as the opposition will be weaker in the future due to the increased sentiment in favor of the legislation. In Kansas we had every reason to expect success, but failed at the last moment.

The constitutionality of the Connecticut law was upheld in 1909, and it is now our pleasure to report that in May, 1910, the Supreme Court of the United States handed down a decision declaring the Michigan statute constitutional, which is most important, as this law can be used for a model in those states which have not yet passed a bulk sales law. In Mississippi the court of last resort decided in December in favor of the law, and the United States District Court for the Northern District of New York has just recognized the validity of the New York statute. In Ohio the law was found unconstitutional by the Common Pleas Court, but was appealed to the Ohio Supreme Court, where the case has just been argued, and as the bill was drawn with the intention of overcoming objections which caused the original law to be defeated, we have reason to expect a favorable decision. In this connection we wish to impress upon our members in general, and upon our local associations in particular, the fact that cases involving a law whose constitutionality has not been established should be watched from their inception; and the National office should be notified from time to time of the progress of the suit, in order that it may lend its co-operation and support, and the benefit of the long experience of its counsel with this class of litigation.

The Indianapolis Association of Credit Men has retained counsel for the purpose of carrying the Indiana law before the Supreme Court of their state. This is one of the youngest of the bulk sales laws, and is identical in all respects with the Michigan statute. It would seem, therefore, that the Supreme Court of the United States has already discounted the result.

FALSE STATEMENT LAW.

Your previous committee retained Mr. Julius Henry Cohen, of New York, to confer with the general counsel of the American Bankers' Association relative to submitting a false statement bill satisfactory to banks, mercantile and manufacturing interests, it being agreed that they would take the initiative. Such a bill has been introduced in many states by the state banking associations, and our local associations have furnished support and assistance. Previous to the present session of the legislature, Ohio passed such a measure. So far Missouri and Nevada are the only states where such bills have been passed during the late sessions, although such a bill passed both

houses of the California legislature only to be vetoed by the Governor. Persistent and strenuous efforts should be continued until such a law is in effect in every state. The furnishing of property statements should become more and more universal, and the time should come in the not distant future when a refusal to furnish such a statement will greatly handicap the purchaser and the practice of furnishing statements will be so common that none will take umbrage at a request for one. The enactment of the proposed measure is of such great importance to creditors all over the country that we respectfully suggest that the incoming committee endeavor to arrange with the



GUY P. MILLER

Bridgeport Brass Co., Bridgeport, Conn.
Chairman, Legislative Committee

American Bankers' Association for united and harmonious effort which will secure better results than have yet been accomplished.

FICTITIOUS NAME LAW.

Such a law has been introduced in a number of states, was passed last year in Rhode Island, and has been passed in Minnesota during the last session of the legislature. This law requires the registration of the true name when an assumed or fictitious name is used for business purposes.

FRAUDULENT CHECKS.

The initial effort successfully made by the Norfolk Association of Credit Men to place on the statute books of Virginia a law protecting the creditor against the issuing of checks without sufficient funds in bank has had the effect of stirring up many of the local associations in this respect. The National office is now investigating a case where a party has been carrying on this practice for over ten years by sending small orders to large concerns far from home. Such orders as a rule were filled and the checks were returned protested. Probably this would be punishable in any state, provided fraud could be proven, but this is the difficulty on account of the rules of evidence. Our counsel tells us that further legislation is necessary, but that it should be limited to making it *prima facie* evidence of fraudulent intent when a person draws a check without sufficient funds in the bank. A sufficient time is always allowed the honest man in which to "make good."

REGULATION OF TITLES OR NAMES OF CORPORATIONS.

At the request of the Merchants' Association of New York, a bill was introduced in both branches of the New York legislature providing that every corporate body receiving a charter from the state after the enactment of the bill should use in its corporate name either as a prefix, affix, or in some other way, a character which will indicate without doubt that it is a corporation. The Connecticut statute now provides that the name of the corporation must begin with "The" and end with "Company" or "Corporation," or have the word "Incorporated" immediately after or under the name. If the word "Incorporated" is used the name need not begin with "The" or end with "Company" or "Corporation." A similar statute should be on the statute books of every state as a protection against fraud. It is also very desirable to know at once from the name under which a party is doing business, whether or not it is being done under the privileges of a corporation. A single party or partnership enjoying a large credit limit may by incorporation materially change the status of liability, and such an act should be made evident to all by change of title.

LEGISLATIVE PROGRAM.

At your last convention special committees on "Uniform Exemption Laws" and "Uniformity of State Laws" were appointed to work on these specially important matters with the idea of relieving this committee. The appointment of these committees, with that of the committees on "Bankruptcy," "Fire Insurance," and "Banking and Currency," has limited our field so that we have been able to concentrate our efforts as outlined in this report.

Our local associations in Pittsburgh and Philadelphia have labored diligently for the establishment of municipal courts similar in jurisdiction to the municipal courts in Chicago, and by the passage of the "Allegheny County Court Bill" the efforts of the Pittsburgh association have met with success. Our Philadelphia members also hope to win their fight. This reform is a much needed one, as the courts in these sections of Pennsylvania have been from two to three years behind in their work; and our members deserve the appreciation with which their efforts have been met by that community.

Many local matters have been brought to the attention of your committee, including proposed amendments to existing laws which proved a

hardship to creditors. In some states many bills have been offered with the apparent effect that efforts have been so scattered that little or no success has been met with, and your committee would strongly recommend that the local associations restrain in the future from attempting too much, and concentrate their efforts on the most important measures. We strongly recommend that the efforts of the Association continue to be directed along the lines of particular interest to credit men, and that we ever keep in mind the danger of distributing our activities over too great a range of subjects.

In conclusion, your chairman desires to thank all the members of the committee for their co-operation and careful attention to the program laid out for us, and expresses the hope that through the incoming Legislative Committee and other succeeding committees the work of the Association will be continued on a broad and high plane, with the result that the National Association of Credit Men will become so well and favorably known throughout this country that its indorsement of any legislative measure, state or national, will be sufficient to command the immediate attention and consideration of such legislative body.

Your committee presents the following resolution for your consideration:

"WHEREAS, The National Association of Credit Men has, through its constitution, declared strongly in favor of protecting credit transactions through the enactment of laws favorable alike to honest debtors and creditors; be it

"Resolved, That the Association, in convention assembled, express its satisfaction with the progress made in its legislative work during the past sixteen years, and pledge its continued support to all movements looking to the improvement of the commercial laws of the country."

Respectfully submitted,

GUY P. MILLER, *Chairman.*

Mr. Miller—Just as this report was going to press, word was received of an appeal to be taken involving the constitutionality of the bulk sales law of Texas. Assurance has been given that the credit men of that state are alive to the issue and will undertake the defence of the law. The National office will follow closely the progress of the case.

President McAdow—The report of the Legislative Committee is before you and the chairman, Mr. Miller, will have the floor.

Mr. Miller—I move the adoption of the report as read.

Motion seconded and unanimously carried.

Mr. Max Silberberg, Cincinnati—Ohio has lost many opportunities in not placing laws on her statute books in the interest of the commercial world. During our last legislative session in that state your Legislative Committee offered two good measures; the title of one was the "Fictitious Name Bill" and of the other the "Receivership Bill." The former passed the lower house and was recommended by the senate committee for passage, and had the legislature remained in session one day longer the "Fictitious Name Bill" would have been made a law.

Ohio has five associations of credit men, at Cleveland, Youngstown, Columbus, Toledo and Cincinnati. In order to bring about a united and timely action these five associations have come together and organized a State Legislative Board, which before the next legislative session will hold several meetings with a view to promulgat-

ing and preparing bills to be offered at the *beginning* of the legislative session. The secretary of this board is a resident of Columbus, the capital city of the state, whose duty it has been to look after all legislation offered and see that our interests are attended to. This move will prevent a failure in not enacting bills into laws for the want of time.

As chairman of the Legislative Committee of the State of Ohio, I offer the following resolution:

"Resolved, That all states having more than one association of credit men be encouraged to form a State Legislative Bureau as has been perfected in Ohio, to advance the legislation in which the National Association of Credit Men is interested, and that all individual members of the National Association of Credit Men residing in the respective states should be invited to affiliate themselves with such State Legislative Bureau and be entitled to full rights therein as members of the Association."

Now it is usually the case that our legislation is offered too late in the session, and therefore from the start we have spoiled our chances of success. But when we have a state legislative board organized as suggested, it will get to work before the legislature convenes preparing needed legislation; and whenever the legislature convenes bills can be offered immediately and will have four or five months for consideration. That will increase greatly their chance of passage. Most of the bills lost, fail for the reason that I have tried to make clear. I hope other states will follow the example of Ohio.

President McAdow—This resolution comes under the report of the Legislative Committee having reference to that subject, and the secretary will read the resolution as presented.

(Resolution re-read.)

Mr. Silberberg—I move that the resolution be adopted.

Mr. Levi, Philadelphia—Does this resolution make it obligatory upon the associations to appoint this board?

Mr. Silberberg—No, it is a recommendation merely.

Mr. Levi—A recommendation to whom?

President McAdow—The secretary will read the resolution again.

(Resolution re-read by the secretary.)

Mr. Levi—I do not see that that has any force to it. It is simply a suggestion from the legislative bureau of the State of Ohio. It does not make it obligatory, it does not call the attention of the National Association, or call for any orders of the National Association to carry it into effect.

Mr. Howard Marshall, New York—I move that the resolution be referred to the incoming legislative committee.

Motion seconded.

Mr. Silberberg—That is satisfactory to me.

Unanimously carried and so referred.

Mr. Newman Essick, Los Angeles—I noticed that the report of the Legislative Committee states that the false statement law was passed at the last session of the legislature in California only to be vetoed by the governor. This is not quite accurate. It was passed the day before the legislature adjourned and was pocketed by the governor in the press of business at the time of the adjournment of the legislature. There were over 1,000 bills that had to receive the attention of the governor within thirty days from adjournment. We do not expect to encounter the active opposition of the governor, and we trust that when this bill is again

presented to the next legislature it will be passed in ample time to receive the governor's consideration and approval.

I am anxious to have this matter clearly understood in justice to the California Bankers' Association who were instrumental in bringing about the progress that was made. They put their committee man on the ground and kept him there at their expense without asking credit men for any financial help. The California Bankers' Association is now in session at Lake Tahoe, and I therefore move that we address them a telegram, signed by the president and secretary of this convention, expressing the hope that they will bring before the next legislature the false statement law and pledging them our support and encouragement; and further expressing our thanks for their past efforts in behalf of this law. I so move.

Motion seconded and unanimously carried.

President McAdow—It is so ordered.

We are to be favored at this time with an address by a credit man, on the credit conditions of the Northwest, and when the gentleman is presented I am sure you will all agree that he has been able to obtain credit. I have great pleasure in presenting Mr. H. K. Huntton, of Stillwater, Minnesota, who is as able as he is tall, and you can see for yourself that he is indeed tall. (Great laughter and applause.)

CREDIT CONDITIONS IN THE NORTHWEST.

Address of Harry K. Huntton, Stillwater, Minn.

Mr. President and Gentlemen:

When our secretary asked me to address this convention he suggested I speak to the topic, "Growing up in the Northwest." It sounded good to me at first, but I finally thought it would appear to be a huge joke. More than that, having spent forty-two years in Minnesota working on this subject, I could not do it justice in so short a time. When I first reached the state of Minnesota I could not speak, walk or take solid food (Laughter), and had even less hair on my head than I have now, and I am here before you a living example of what Minnesota can do in forty-two years to give a man height, health, hope and happiness. (Great applause.)

Speaking seriously, gentlemen, I am here to tell you something of the credit conditions in the Northwest.

A young man came to our office in November and stated he owed no one a large bill except my own house to which he was indebted \$530. He said if we would extend him a line of credit up to \$700 until the spring following, he could get along well. I asked him to return in three or four days and I would let him know. I sent for information and found he owed two hundred firms larger amounts than ours. When he came the second time I gave him an opportunity to trap himself, and I asked him if he owed a certain firm \$600, and he said maybe he did. Then I asked him if he did not owe another one more than that. Then he broke down and cried like a baby. He was exposed by the report.

Another man made a statement as to indebtedness and denied any indebtedness except to a certain firm, stating that he only owed that firm \$50. I turned to the slip and asked him if he did not owe

that firm \$500 instead of \$50. He immediately surrendered. (Great applause.)

A speaker usually reserves his climax for the end of his speech. I am going to reverse that order, not by using the welcome expression "in conclusion," but by stating here my climax—that credit conditions in the Northwest are almost ideal.

This pleasant and satisfactory condition under which business is handled in the Northwest at the present time is due to two things: first, to the associations in St. Paul, Minneapolis, Fargo and Duluth, and second, to that splendid organization which is a combination in part of these four, known as the Northwestern Jobbers' Credit Bureau.

In point of age the Minneapolis association ranks first, as it was organized in 1896 with thirty-six members. The St. Paul association followed in 1897 with thirty members; next came the Duluth and then the Fargo association.

The Twin Cities to-day have a total membership of 450, of whom 449 members are "live wires," and the dead beat who comes in contact with No. 450 is likely to find that even he carries a fairly high voltage.

Each of our four organizations is fortunate in having at its head a man of ability, well trained for the work, which is being carried on harmoniously and successfully.

The Twin Cities associations are headed by bankers, who recognizing the obligation they owe to the members of their respective associations, provide them with money at all times and for every emergency.

I desire to call particular attention to the Northwestern Jobbers' Credit Bureau, whose membership is made up of jobbers in the four cities first mentioned. The remarkable success of this organization has meant much to those credit men whose firms are members. The bureau was organized in 1905, and to-day has a membership of 160. From a small beginning it has grown until it now has an office force of twenty-one people and employs thirty outside.

The manager of the bureau, Mr. John P. Galbraith, has received so much well deserved praise during the last two years that I refrain from saying more than that his administration has been eminently successful.

Surprising as it may seem, the bureau often takes hold of a business that is apparently in a hopeless condition, makes it pay 100 cents on the dollar, and turns it back to its owner.

The trusteeships under the administration of this bureau have averaged to pay about 65 per cent., while bankruptcies have paid about 40 per cent. The record is remarkable when you take into consideration the fact that many times the bureau is called upon to investigate cases which have no visible assets. Under such conditions the work is done more than anything else to ascertain whether or not the creditor has been honest and fair in his dealings.

Upon the request of any member, the bureau will send a man to investigate a customer's business affairs at a charge of \$10 per day and expenses. It is customary for a creditor desiring an investigation to ask other interested jobbers to join him in order that the expenses may be lessened; nevertheless the examination may be had solely upon the request of one member.

If, upon investigation, conditions are found satisfactory, a report is made to the party or parties paying for the investigation. If, on the contrary, the conditions are not satisfactory, the representative

of the bureau takes charge immediately. All creditors then, whether members of the bureau or not, are treated alike, none being allowed to have preference under any condition. The bureau holds that only merchandise which is already in possession of the debtor belongs to the trustee; merchandise in transit or at the depot is regarded as the property of the shipper.

Practically every house doing business in the Twin Cities, whether allied with the bureau or not, works in harmony with it.

An average of about six months is required to liquidate a business.

The manager usually has a list of 400 prospective buyers, to whom he endeavors to sell merchandise stocks at private sales, for experience has taught that private sales are much more successful than public ones.

The following figures will give you an idea of the magnitude to which this business has grown: From July 1, 1909, to July 1, 1910, the average distribution through this bureau amounted to \$34,000 per month. During the year following, which brings us up to the present time, the amount is \$49,000 per month. The amount of goods purchased from jobbers during the time of liquidation totals \$200,000 per year.

Every day all members of the bureau receive a complete list of firms about whom inquiries are being made. Each member is expected to respond by giving the information which his ledger contains concerning such accounts as he is interested in. On the following day members receive a statement of the evidence collected. It is issued in key form, no names being used, but if the credit man is familiar with the account and the conditions surrounding it he is generally able to ascertain to whom the larger accounts belong.

The statement shows whether the indebtedness at the present time is larger or smaller than when a previous one was issued. It also shows the number of times the debtor has been turned down, and by whom, according to key number.

These reports give to each member information which cannot be acquired from any other source than from the debtor himself, and all without his knowledge. Within three months after the firm with which I am connected joined the bureau we had two experiences each one of which was worth more than the cost of ten years' dues.

On Friday of each week we report to our secretary the names of firms we have turned down, using a key in giving the reasons. On Monday we receive a summary of all this sort of information which our secretary has compiled.

The clearance reports and the turn down sheets together have put the credit man in a much better position than ever before, and have given the honest merchant a more certain standing and made it much more difficult for the dishonest one to obtain credit on false statements.

This bureau and the four individual associations of the cities named have done much to bring business interests together and overcome distrust and jealousy. They have made it much easier for the credit man to obtain reliable information, and have opened the way for many similar associations in the Twin Cities, such as the Sales-managers', the Bank Clerks', the Jobbers', the Coffee Men's and so forth.

The Association of Credit Men has practically eliminated the strife of days gone by, when the first man on the ground took all he could get, regardless of other creditors. Quoting my friend Hopkins,

of Minneapolis, I am pleased to say that when a credit man in St. Paul receives an inquiry by telephone from Minneapolis, he takes just a little more pains to be polite and give full information because the inquiry comes from his neighbor up the river.

Fortunate indeed are we, who, living in this delightful country, find our work congenial and our business life pleasant because of the harmony and fairness which exists not only at the present time, but bids fair to continue during the years to come.

President McA Dow—We will now receive the report of the Membership Committee. The chairman, Mr. H. P. Buell, of Syracuse, New York, is unavoidably absent, much to his regret. I agreed to express his regrets to the convention. In his absence the report will be presented by Mr. L. John Bergman, of Syracuse, whom I now present. (Great applause.)

REPORT OF THE MEMBERSHIP COMMITTEE.

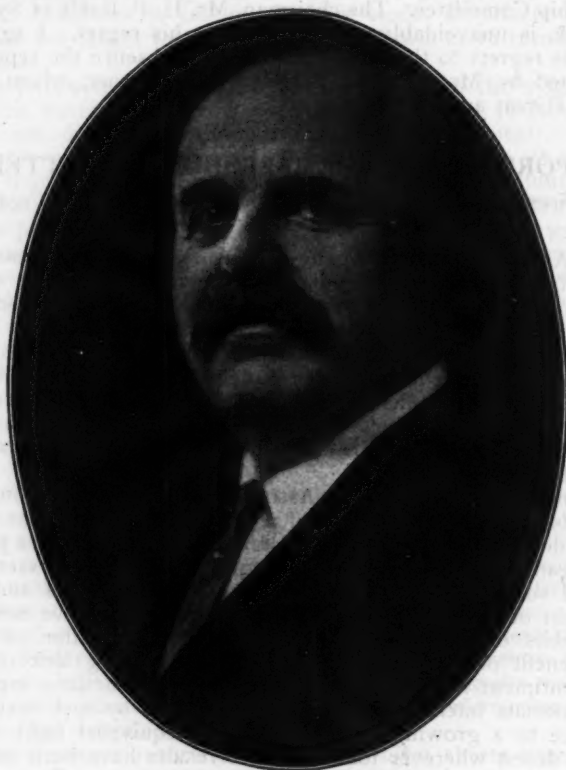
To the Officers and Members of the National Association of Credit Men.
GENTLEMEN:

Our Association has now attained such rank and influence with the manufacturing, banking and mercantile interests of the country that to hold membership therein, is coming to be recognized as an essential of good business and no one considers it a luxury. Every local association is now finding that concerns which have heretofore refused to affiliate themselves with our movement, probably because they have doubted its efficiency or distrusted its ultimate success, are now glad to ally themselves with this great force which stands for the advancement of high ideals of business integrity and a square deal in every business transaction.

No one now can doubt the Association's efficiency. Comparing the records of to-day with those of a few years ago, one cannot fail to see the decided advance that has taken place along the lines pursued by our organization. The scramble for preference and the sacrifice of assets and such like abuses have given place to a cooler and saner examination of break downs in the credit system and we now have daily exhibits of co-operative effort for the conservation of assets for the benefit of all alike. Again the demoralizing lack of high-minded sentiment in the presence of fraudulent practices, especially where immediate interests are likely to be helped by such laxity, has given place to a growing demand for an unequivocal fight against fraud and deceit wherever found. These results have been achieved by the working of the heaven which has been injected into the operations of the commercial world by the National Association of Credit Men.

The influence of this organization of over fourteen thousand of the bankers, manufacturers and jobbers of this country, when wielded for the betterment of business conditions, cannot but command the attention and respect of every citizen, and will be felt in the every day transactions between business men, as well as in the halls of legislation, national and state, putting its ban upon such commercial laws as are not for the common good. Its influence will permeate every stratum of society, warning and admonishing that dishonest and deceitful practices must cease, and impressing the fact that every man is our brother and that we with our superior advantages are, in a large degree, our brother's keeper.

The work of the Membership Committee during the past year has been a very pleasant task. We have been looking forward with high anticipation to the goal set at the beginning of our campaign, namely, fifteen thousand members to be reported at this convention. That we have not reached this figure, and more, is to be charged to a lack of interest and earnestness of work on the part of the membership committees of some of our local organizations whom it seemed impossible to awaken from their slumbers. Other committees have shown highly commendable activity and it is to their credit, and



H. B. BUELL

Syracuse Dry Goods Co., Syracuse, N. Y.
Chairman, Membership Committee

because of the zeal of the National body, that we are able to show the large gains this year not only in the membership (the largest in the history of the Association), but in every department of our work. While membership increase is very important, it is not the only important thing. In the words of our president, it is the "crimson thread" of the great cable which, intertwined and interwoven with all the other strands, does its indispensable part in the great work for which it was made, and represents the current of life-blood flowing through the entire organiza-

tion, vitalizing the work of every department. Therefore, let every local association recognize the value of keeping its membership active, alive and working, allowing no deterioration in quality or quantity if it would achieve its best work, remembering always that it is more important to retain the old members on the active list than to get new ones, although the importance of the latter is not to be minimized.

Various plans have been adopted by the associations in their membership campaigns. Some, for instance, have made up lists of concerns eligible and desirable, and by a follow-up system, have placed before such concerns the advantages of membership, closing by a personal call which in most cases has been successful in enrolling the "Prospect" as a member. Other associations have arranged, for the most part with great success, frequent meetings with noon-luncheons at least one day in the week, using the enthusiasm created by this frequent personal contact for advancing every phase of associational work. This method has been highly successful in bringing new houses into the organization. But whatever plan may be decided upon, we urge every association to adopt some system for building up and strengthening the membership and "work it." As one of our members has put it, the secret of growth is to keep every man at work, for an organization in which every man is working gathers irresistible power as it advances.

There are two classes which we especially desire should be in close touch with our Association. One is the "banker." The nature of his business makes the work of our organization of peculiar significance to him because he is a dealer in credits and so dependent upon the safe condition of his clientage is the banker that no one feels the ups and downs of the business barometer as quickly as he. Everything that can be done to safeguard the credit of the business community makes for greater soundness in his investments. The banker clearly should be most active in the work of our Association.

The other class is the "manufacturer." There is no member of the business community who should more consistently support our work. As a rule, the manufacturer extends credit by distributing his products through the jobber, and because he places his product through only a few people, thinks he does not need to give much thought to credit matters, and therefore thoughtlessly says "No" when we invite him to become a member of our organization. He forgets that he has merely delegated the making of his credits to his jobber and that everything he can do to safeguard the interests of the jobber it is his duty and directly to his own interest to do.

We recommend that in every membership campaign for the coming year, special emphasis be placed upon securing the banker and manufacturer, not only securing their names and membership fees, but their active personal co-operation in our work. The strength of a local association is not in the number enrolled upon its membership list, but in the number who are in attendance at regular meetings and who contribute their personal influence and experience, hence we place the stress upon securing the *member* rather than the *membership fee*.

In the course of our work, we have been impressed with the lack of interest exhibited by some of our associations as shown in the decline in membership or in the admission that the association "is now inactive." Such condition is certainly to be deplored. To help restore such associations to activity and energy is a work that should have the earnest attention of the incoming committees. Those who have watched our Association closely know that the size of the city in which an association

is located does not determine its scope of usefulness. Several trading centers whose population runs into small figures are fortunate in the extreme in having an association of credit men thoroughly alive to cultivate to the full every possibility of their city. The work of such association is invaluable.

We repeat the words of caution that have been offered in previous reports, regarding the admission to membership of those who are not eligible under our constitution, and regarding affiliation with other organizations which are likely to use this affiliation for the purposes of self-aggrandizement. We are a money-making institution only in so far as we make possible better profits by bettering conditions under which business is done. We must avoid every appearance of evil if we are to achieve our greatest measure of success.

The roster of affiliated branches has been increased by three associations formed during the past year, at Knoxville, Tenn., Selma, Ala., and Burlington, Vt., and decreased by the retirement of one, at Little Rock, Ark. For the formation of the Selma association we are indebted to a few of the leading members of the Montgomery association who undertook this work with considerable sacrifice of personal interest. The figures as they now stand compared to a year ago, are shown in the table below:

	May 1, 1910.	June 1, 1911.
Atlanta, Ga.	114	129
Baltimore, Md.	424	458
Birmingham, Ala.	48	65
Boise, Idaho	25	27
Boston, Mass.	252	382
Buffalo, N. Y.	276	333
Burlington, Vt.	—	26
Butte, Mont.	32	32
Cedar Rapids, Iowa	31	38
Charleston, W. Va.	45	48
Chicago, Ill.	880	1,120
Cincinnati, Ohio	228	213
Cleveland, Ohio	626	660
Columbus, Ohio	188	188
Dallas, Texas	92	81
Davenport, Iowa	26	31
Decatur, Ill.	46	33
Denver, Colo.	188	172
Des Moines, Iowa	65	67
Detroit, Mich.	293	411
Duluth, Minn.	59	55
El Paso, Texas	31	42
Fargo, N. Dak.	38	41
Ft. Smith, Ark.	27	19
Ft. Worth, Texas	77	112
Grand Rapids, Mich.	266	289
Houston, Texas	22	22
Indianapolis, Ind.	78	102
Jacksonville, Fla.	22	23
Kansas City, Mo.	110	178
Knoxville, Tenn.	—	35
Lexington, Ky.	26	36
Lincoln, Neb.	47	46

	May 1, 1910.	June 1, 1911.
Little Rock, Ark.	23	—
Los Angeles, Cal.	132	132
Louisville, Ky.	136	122
Lynchburg, Va.	35	37
Memphis, Tenn.	214	198
Milwaukee, Wis.	237	263
Minneapolis, Minn.	198	224
Montgomery, Ala.	45	38
Nashville, Tenn.	145	144
Newark, N. J.	293	374
New Castle, Pa.	18	20
New Orleans, La.	223	231
New York, N. Y.	1,009	1,209
Norfolk, Va.	58	105
Oklahoma City, Okla.	98	90
Omaha, Neb.	96	99
Philadelphia, Pa.	581	635
Pittsburgh, Pa.	773	919
Portland, Ore.	184	213
Pueblo, Colo.	31	33
Richmond, Va.	124	142
Rochester, N. Y.	225	215
St. Joseph, Mo.	73	78
St. Louis, Mo.	462	461
St. Paul, Minn.	180	190
Salt Lake City, Utah	106	126
San Antonio, Texas	31	30
San Diego, Cal.	38	41
San Francisco, Cal.	202	176
Savannah, Ga.	41	40
Seattle, Wash.	193	211
Selma, Ala.	—	26
Spokane, Wash.	87	90
Syracuse, N. Y.	96	110
Tacoma, Wash.	41	52
Toledo, Ohio	104	126
Utica, N. Y.	51	64
Wichita, Kan.	67	62
Wilmington, N. C.	38	44
Youngstown, Ohio	124	154
Individual	1,302	1,386
Total	12,796	14,424

ORGANIZED MEMBERSHIP.

June 1, 1911	13,038	
May 1, 1910	11,494	
		1,544

INDIVIDUAL MEMBERSHIP.

June 1, 1911	1,386	
May 1, 1910	1,302	
		84
Total net increase		1,628

These figures represent a normal growth in our membership which is gratifying. They are an assurance that our growth is healthy and stable. Our work becomes more and more appreciated as the people come to know more about it and for this reason, we should eventually be enabled to enroll in our membership, practically every concern eligible for membership in the United States.

We desire to record our appreciation of the cordial co-operation and assistance which we have received from the National office throughout the year.

It seems almost unnecessary to re-affirm principles which have been adopted by successive conventions, but their importance is such that we deem it best to call them again to your attention.

The following resolutions are therefore submitted for your action:

I.

"WHEREAS, Alliance of affiliated branches of this Association with organizations whose purposes are outside the scope of the National Association of Credit Men are almost certain to impoverish the former and defeat the real aims of our organization, be it

"Resolved, That the National Association of Credit Men in convention assembled, emphatically disapproves of such practice, and urges the board of directors to cancel all connections with those local associations which do not, within a reasonable time after notice, discontinue such alliance."

II.

"Resolved, That we urge every affiliated association to push vigorously for a larger membership until it shall include every mercantile, manufacturing and banking house within its boundaries engaged in legitimate lines of business where credit is granted, and to use special care to name only members who are credit men, to represent them at these annual conventions as delegates."

In addition, we offer the following:

I.

"Resolved, That we disapprove of the practice of admitting into the membership of affiliated associations, concerns not eligible under the constitution of the National Association, and we urge upon all branches that they exercise greater care in passing upon applications for membership.

2.

"Resolved, That this convention here record its appreciation of the work of those membership committees of affiliated branches which, by their united and earnest efforts, have so ably assisted in the building up of their respective associations, and for the splendid interest that they have shown in the general increase of membership in the National body.

3.

"WHEREAS, Frequent and regular meetings are of the utmost value in maintaining the *esprit de corps* of any associated body, and those of our local associations are showing the best growth and results which maintain such meetings with greatest frequency and regularity, presenting








thereat topics of interest to credit men and to the principals of the houses they represent, therefore be it

"Resolved, That as a means of maintaining and increasing their growth and activity, we urge upon every affiliated branch of this Association the great importance of holding regular meetings at least monthly, and that they present for discussion, topics which shall be of particular interest in granting credit."

Respectfully submitted,

C. E. BULL,
W. H. LANDERS,
WM. C. BLANDING,
E. S. KELLOGG,
H. B. BUELL, *Chairman.*

MEMBERSHIP SCALE.

1896		600
1897		1,591
1898		2,332
1899		2,536
1900		3,006
1901		3,572
1902		4,004
1903		4,554
1904		5,327
1905		6,061
1906		7,509
1907		8,647
1908		9,791
1909		11,185
1910		12,796
1911		14,424

President McAdow—The report of the Membership Committee is before you. Mr. Bergman, representing the chairman, will have the floor.

Mr. Bergman—I move the adoption of the report.

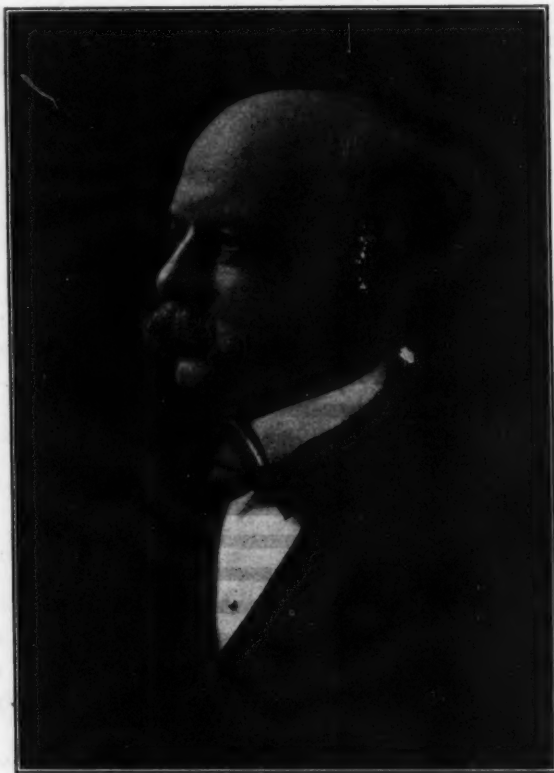
Motion seconded.

President McAdow—It is moved and seconded that the report be adopted in its entirety. That, perhaps, might shut off discussion of some particular resolution in this list, but if there is no objection the motion will be put as made. Do you desire discussion of any part of it?

Mr. Charles Reynolds, New Orleans—Referring to the resolution offered by the committee being the first under the heading "In addition we offer the following:" It is my recollection that at Philadelphia or Denver a similar resolution was introduced, and while I am thoroughly in accord with the spirit of this resolution, I fear

that it will be misconstrued and the tendency will be to shut out those not actually credit men, but who might be engaged in the insurance business, for instance—shut them out from membership.

Now, in Denver or Philadelphia, I do not recall which, a resolution was passed similar to this, permitting local associations to admit insurance people and others as associate members, plainly distinguishing them from regular credit men. I only mention this for the purpose of drawing the distinction.



GEORGE E. MELIUS
H. O. Canfield Co., Bridgeport, Conn.
Director

President McAdow—If you do not desire to debate this report further, are you ready for the question?

Unanimously carried and report adopted in its entirety.

Secretary Meek—We have received a letter from Mr. P. D. Cameron, of Grand Forks, North Dakota, in which he says: "I have the pleasure to inform you that the jobbers, manufacturers and bankers have formed a Credit Men's Association, starting out with thirty members. It is desired to affiliate with the National Association. I was requested by the members to make the necessary arrange-

ments and accordingly beg to propose this association for membership in the National Association. I take this matter up at this time in order that, if possible, membership can be conferred and its members admitted to participation in the convention to be held at Minneapolis this week. I expect to be in Minneapolis June 13th. (Signed, P. B. Cameron, credit man for Park, Grant & Morse Grocery Company, Grand Forks, North Dakota.)" (Applause.)

I told Mr. Cameron that the necessary program of admitting a local association would be taken up at once, and I took the responsibility of inviting the other delegates from North Dakota to receive the courtesies of this convention. (Applause.)

President McAdow—Are there any resolutions to be offered under the head of the Membership Committee? The chair hears none. We will therefore pass to the regular address set for this hour on a subject that must be of deep interest to all of us, and yet perhaps to most of us further information is necessary; and I feel, therefore, we are to be congratulated upon the fact that the subject is to be discussed at this time, and especially by a gentleman who is perhaps prepared to present the other side of the question. It will now be our pleasure to hear an address on the subject, "Reciprocity," by Mr. H. H. Pigott, of Winnipeg, Canada, whom I now introduce to the convention. (Great applause.)

RECIPROCITY.

Address of H. H. Pigott, President Canadian Credit Men's Association, Winnipeg, Canada.

Mr. President and Gentlemen of the National Association of Credit Men:

I would be but a clod of clay if I stood here unmoved by the welcome which you have given me. I recognize, of course, that in that welcome there is the feeling of the brotherhood between this wonderful country of yours and that of my own Canada to the north.

I am here representing the Canadian Credit Men's Association. I come here to sit at your feet to learn the lessons which have inspired you in making your Association the most successful, the most influential, the most important financial association, as I understand it, on the face of the globe.

I confess I have some hesitancy in addressing you on the subject to which your president has alluded, "Reciprocity." In the first place I am not a statesman nor even a politician. I am nothing but a plain credit man. In the second place I stand here representing our association in everything that pertains to its legitimate functions, but I have no mandate from any one, from any coterie even of individuals, to speak to you on the question of reciprocity. What I shall say to you, therefore, is my simple individual opinion and what I have gathered, as any ordinary man would gather, of the trend of events in both countries.

This question of reciprocity is not a new one. I grant that it comes to all of us practically as a new question, because for many years there has been in both countries discussion of the various provisions which now are creating all this hurley-burley of talk and argument. Yet, thirty or forty years ago the question of reciprocity, at least with the Dominion of Canada, was of burning importance. The Dominion of Canada at that time stood in a very different position from what it does to-day.

There was then no rich, apparently inexhaustible west, bringing its fertile plains to the attention of the settler and rewarding those who go there with a ten-fold reward. The Dominion of Canada at that time was represented by the eastern provinces along the St. Lawrence River. Winnipeg then was an outpost of Hudson Bay, and people who got to Winnipeg took boats up the Red River, and then, I believe, they took a mysterious conveyance called the Red River cart—but what that was it is not worth while to consider now—and in those days of the struggling commonwealth, approaches were made to your government at Washington, looking towards reciprocity, looking towards help in commerce and trade relations between your country then established firmly on that wonderful career which has not yet reached its culmination, and the small struggling Dominion.

But at that time those who guided your destinies at Washington thought it was not worth while to take up any such thing. Of course I do not know, nor is it worth while to discuss at this moment, the reasons which may have impelled them to that decision. It was their right, and for many years there was no talk of reciprocity on either side of the line.

The Dominion struggled on. People came in as settlers. Manufactures were introduced to meet our needs. We established a protective tariff which kept the United States manufacturer out unless he sold his goods at an advance over any competitor in Canada. Railroads were built opening up the West, and then it was discovered that the plains of Manitoba, Saskatchewan and Alberta contained within themselves the germ of an empire; that in those provinces there could be grown the finest wheat in the world, except, of course, in Minnesota. Settlers came in, traffic increased on the railway, the manufacturers of eastern Canada had their hands more than full to supply the demand.

Then, the people of the United States began to wake up to the fact that here was a country worth while, a country which might develop. And so gradually the Dominion of Canada has gone on until to-day, while she is strong in population, I venture to say that there is no country under the sun which has greater attention from the civilized world than Canada, and particularly the western provinces of Canada.

And now it has come about that in some way or other, I don't know from whom the first overtures came—nor does it matter—in some way or other this reciprocity treaty was agreed upon between the representatives of the two governments; and I venture to say that if before that treaty was published there were people in the United States who did not know where Canada was, or at any rate who did not know that Canada was a pretty good country, after it came out and after all this question of reciprocity had to be faced by both countries, I believe there is hardly a reading man in the United States who does not know all about Canada, and as a result—I have to say it gratefully, of course, we have received a tremendous amount of free advertising. Now, that is all right. We have no objection to being advertised as much as possible.

But of course there was no particular self-seeking on the part of the Canadian government, just as there was no particular self-seeking on the part of the United States government in agreeing to this treaty, or substantive treaty, because it has not yet obtained the force of law. There is not the slightest question in my mind that both governments had before them the thought that here were two countries containing a population drawn from the same sources, with exactly the same language, with the same customs and manners and

morals, and with laws in both cases founded on the great common law of England. And recognizing this, that these two countries marched side by side for thousands of miles in peaceful amicable relations—as President Taft, I think, said in his message to Congress—Canada did not require from the United States a single fortification or a gun of any kind—recognizing that the relations between these two countries from every point of view except that of their commercial laws, were most friendly and harmonious; recognizing, moreover, that Canada was becoming the home of hundreds and thousands of your very best citizens, the finest farmers in the world, the bone and sinew of the country which make it what it is; recognizing these facts, it is an obvious proposition to my mind that the two governments started out with the intention of making a fair agreement between them for their mutual advantage.

Now, it is unfortunate that under the conditions as they exist in both countries, any proposition of this kind has got to face the politicians. I have no war to make or crow to pick with the politicians. Indeed, we could not get along without them; and they are a class of men who undoubtedly are of the greatest use throughout both communities. But I do object that where there comes an economic question, a business question, one which has no fair standing in political platforms, but which should be faced by each man as his convictions of right or wrong dictate—I do object that that should be made the plaything, the football of politics. I feel strongly that people should not line up on one side or the other, as their party predilections dictate, and yet I suppose it is inevitable.

I had the pleasure recently of speaking to a fellow countryman who was a life-long Conservative. Now, whether a Conservative corresponds with a Democrat or a Republican here I am sorry I cannot tell you; but this man was a Conservative and the Conservatives as a party are not only opposed to reciprocity but they are so strongly opposed to it that they are going to try to introduce all sorts of obstructions to force the issue before the people of Canada. This man said: "Never mind Bordon;" (He is a Conservative leader) "I am in favor of reciprocity; let us have it." I said to him, "Do you think there is going to be an appeal to the country on this thing?" He said, "There is quite likely to be." "You will have to vote then." "Yes." "How will you vote?" "Vote with the party all the time!" And yet here was an arch supporter of reciprocity.

There is another thing that is apart from the politicians who undoubtedly, in a matter of this kind, seek to make capital and to rise up from one position to another until perhaps a certain nameless senator may be a candidate for the presidency on your side—apart from that entirely, there is this question of self-interest. It is an obvious proposition—I do not stand here to discuss truisms—but it is an obvious proposition that we are all of us practically governed by our pocket-books; that is to say, by our self-interests; and I do not think that we can fairly criticise, perhaps, the Minnesota farmer if he has in his mind the idea that he is going to get ten cents less a bushel for wheat when there comes this great big flood of Canadian wheat; with no duty on it; and in the same way I suppose the farmer who believes that he will get ten cents more a bushel for his wheat on account of the treaty, if passed, could not be blamed for favoring the treaty.

But it is a pity that the people of both countries cannot look

at this thing from the standpoint of what is best for the countries as a whole, because it must be evident no treaty of this kind can be made without give and take. The Canadians are supposed to be a keen and hustling people; but obviously they must not try to pull the wool over the eyes of your representatives at Washington; nor would I imagine that those who negotiated the treaty on behalf of the United States try any such thing with our representatives. It is and must be a matter of give and take. Here was something that should be for the benefit of both countries, and so they agreed on this treaty, and I hope that it will pass. (Great applause.)

I do not know what its effect may be. I do not believe the people who wrote the treaty know themselves. But one thing is certain, that anything that makes for closer intercourse and intimacy from every point of view between the two nations, makes for their eternal benefit. (Great applause.) The men who from selfish reasons, at Ottawa and Washington, are seeking to defeat this treaty are not only doing their countries an injustice, but they are wronging themselves, if they are fair, honest men.

As I say, I am heartily in favor of this treaty, but I am not going to stand here and discuss it. Indeed, the time allotted to me would not permit. I have no inclination and I probably have not the ability to discuss it in all its various phases.

I do notice that in both countries lobsters are admitted free. (Great laughter.) And I suppose that each of us have so many lobsters that we would be glad to get rid of a lot of them. I also notice that they are not going to take off the duty on toilet powder imported into Winnipeg. That is hard on the Winnipeg ladies—I tell you that. However, they have no vote.

The main thing is that here is a treaty founded on reason, founded on a fair compromise of their respective interests, between the two countries, a treaty whose basic theory is that raw products shall be admitted free, and there should be no duty in any country on raw products. At least, that is my opinion. I have not the slightest doubt that this will be followed, if it is carried through, by a similar agreement with reference to products partly manufactured, but that is looking a little further ahead.

I want to draw your attention in connection with this reciprocity treaty to one strong feature which to my mind is very persuasive, and I think I mentioned it before, and that is the exodus, so to speak, of American farmers into the three western provinces—mainly from Minnesota, the Dakotas and Iowa, I believe—but I think they are coming from all parts. Only the other day a man from New York came in to see me. He wanted to start a hardware store on \$500 capital. I had to turn him down, although I was sorry, because he had come so far. In the fiscal year ending last June, 325,000 immigrants came into Canada, and of these 120,000 were American. The largest part went into the three western provinces, farmers taking up lands and settling there for good—and why should they not? I suppose they sold their land in your country say for \$75 to \$100 or \$150 per acre, and they go into the so-called wilds of our country and take up a homestead for nothing. Alongside of it they buy a pre-emption for \$3. If they have sons and daughters, they get that many more pre-emptions, and that many homesteads; and if they want to buy, and they all bring money, they can get land for \$15 or \$20 an acre which is just as good as the land they left, that will grow twenty bushels to the acre, No. 1 hard; and the result is

that they multiply their capital so many times that what puzzles me is why everybody does not come over to us. (Laughter and applause.)

Now, gentlemen, I suppose it is up to me to say a word about annexation. A Canadian coming to the United States and discussing reciprocity is naturally confronted with the proposition—why do you not join yourself to us, body and breeches? Well, I think I had better say something about it; but what I shall say will be very sharp and emphatic. Annexation, talk of annexation, discussion of annexation, is perfect nonsense. It is worse than harmful, because it creates an impression that on the part of Canada there is a desire to be annexed. But you get no wedding between two nations unless they are both willing, and if the lady is a little coy and looks as though she might not say "No" more than two or three times, you know pretty well where she stands. But Canada is in no such position.

Canada does not wish annexation. I am a Canadian, and perhaps may be charged with being a booster, yet I say to you that Canada is going to be one of the great empires of this world. Canada contains within herself resources equalling, I was going to say, your own wonderful country, but I do not think so—we have not got your nice hot climate such as is found down in Texas—but we have the North Pole. But I am afraid we are not going to make much of an empire out of the North Pole. (Laughter.)

But seriously, from the fish of Halifax to the mines and commerce and lumber of Vancouver, Canada is self-sustaining. Canada has but a comparatively small population at present, but in a few years, as the life of nations goes, she will have many millions. She will probably never overtake the United States. It is not necessary. This year we expect to raise in the three western provinces 200,000,000 bushels of the best wheat ever seen. Your production, I see, is estimated at 750,000,000 bushels. There is, of course, not much comparison; and yet ten years ago we were raising only 30,000 or 40,000 bushels a year.

This year there is under cultivation in Canada about 16,000,000 acres, and while you may not believe it—but I have the statistics of the Dominion government to prove it, and I am perfectly certain that they never lie—there are 175,000,000 acres in Canada in the western provinces alone, mind you, susceptible of wheat cultivation; (Applause) and if you simply figure 100,000,000 acres and multiply it by twenty bushels to the acre, you will see that we are going to raise two billion bushels of wheat per annum in the future. From this you may judge Canada's potential power.

An eminent statesman at Washington who has aspirations for the presidency, no doubt, and thinks he may get a little boost from his nonsensical statements, talks gravely of annexation. Well, it is a joke, coming as it does. Of course, if a proposition of that kind were made seriously from one representative body to another, it would not be a joke. It is simply loose floating talk, and you know how such rumors spread. Your newspapers, of course, are the most conservative in the world. (Great applause and laughter.)

But still there is another thing I want to emphasize here, and that is the loyalty, the affection that there is on the part of Canadians towards England, towards the mother country. I notice very few people clap at that. (Great applause.) I take it for granted there are not very many Englishmen here. That sentiment is one of the dominating sentiments in Canadian life, and it curiously enough

goes side by side with our keen, fervent, earnest aspirations towards the national life. But so it is: We love England, but we are going to rule ourselves.

Now I could talk about reciprocity some more, but I want to say a word or so about our credit association of Canada. As I told you, I do not know much about reciprocity, but I know a lot about the Canadian Credit Men's Association, and if I am not trespassing on your time, I would like to say a few words about that splendid organization.

It is a good deal like the Dominion was thirty or forty years ago. It is the merest infant; but it is getting along as best it can; and yet as credit men you will be interested to hear a word or so with reference to the problems that have confronted us and what we have done in meeting them. In the first place I am here to express on behalf of every credit man of Canada who is a member of our association, and, indeed, on behalf of the Canadian business world, our appreciation of the sincere debt of gratitude which we owe to your association. It is unnecessary and a waste of words for me to say anything about what you have done here, but you have been our inspiration, you have been our model; we have taken your ideas and we have copied them. Perhaps you will think it is egotistical, if I should say that we have improved on them; but I will try to prove in a minute or so that we have. (Laughter.) At any rate, it is your association which is the parent and founder of ours, and we are proud to march as one of the cohorts in your great army for the improvement of credit conditions.

I want to say another thing also. Our association started about a year ago—I think, to be exact, in April, 1910—but for three or four years before that time we had in Winnipeg a clearing house for the exchange of ledger information between the members, based on the clearing houses which you all know about. The Winnipeg jobbers and the Canadian Credit Men's Association are under deep obligations to Arthur B. Kent, who founded that association, made our path smooth and became our guide and mentor.

A little over a year ago we started our association with twenty-seven members; and I am proud as a Canadian and a citizen of Winnipeg to note that we had one more member than did Minneapolis when she started. But that is neither here nor there. We started with twenty-seven and to-day we have about 237. (Great applause.) We started with only Winnipeg men and concerns, and to-day we have members from New Brunswick to the Rockies. And in a day or so our secretary leaves for the purpose of forming branch associations in the eastern cities. (Great applause.)

I might say that we have met with some difficulties. The people of Canada are divided into two classes, the conservatives in the east and the people in the west who are not conservative at all—and who might be termed progressives. Naturally, when you get these two classes together there is a little friction. We have got to educate these people in the east up to it before they will come in. I have no doubt that sooner or later some more worthy president of our association will address you and tell you of a string of associations from Halifax to Vancouver. I have no doubt that will come because your own experience has been that it is a matter of education and takes time.

We have been doing things also. Now I have taken great interest

during the years that I have been receiving from your secretary the NATIONAL BULLETIN in noticing the attention paid to the subject of bulk sales laws; particularly that in some of your legislatures you are having a pretty hard time in getting them through, that you are obliged to go back year after year and struggle oftentimes incessantly to secure the passage of this most desirable law.

Now, let me tell you what we have done. We were organized only nine months before we got through a bulk sales act in Saskatchewan, and an amendment to the act already in force in Manitoba; and I want to draw attention to what those bulk sales acts were. I understand you have different laws in different states. If you cross a river, for instance, you have to face an entirely different proposition, but we have uniform laws. Your laws provide that if a man wants to sell out, all he has got to do is to hand over a list of his creditors to the purchaser, and the purchaser is bound to notify the creditors, and then if they do not like it they can go to the bankruptcy court. I do not know whether that is exactly accurate, but I believe it is the gist of what your laws contain.

Now, we have no bankruptcy law and that makes a great difference, but our position is that if a man wants to sell out in Manitoba or Saskatchewan he must not only give the purchaser a list of his creditors, but that purchaser, or the vendor, must get the written consent of 60 per cent. of the creditors before the sale goes through. (Great applause.) We do not have to make haste for a bankruptcy court to try to stop a sale, or get a receiver, or see that the assets are not walked away with overnight. We simply sit back, and if a man wants to sell he must come to us and say, "Are you agreeable to a sale? These are the terms." If the credit man thinks he is not getting enough for the stock, or we are not satisfied with the sale, it is "good-bye sale," and "keep on, old man, and pay your debts!" (Laughter.)

Of course, we claim no specially superior knowledge or ability which enabled us to get this law through as we did. No doubt if we had had a bankruptcy law we would have done exactly the same as you have been doing. But you will recognize the tremendous advantage which it gives us in confronting this problem of sales in bulk which is all the time coming up to hamper us and cause us loss. We expect to get the bulk law through in Alberta this session; and we hope at the next session of the Ontario legislature to get it through. They have a good law in British Columbia.

That brings you up to the great lakes; then comes Ontario, Quebec and the rest of them.

There is something else I wanted to say with reference to the question of the prosecution of fraudulent debtors. I notice that some of you have some little difficulty in getting your particular concerns or other concerns to rise to the occasion and put their hands into their pockets and contribute to a prosecution fund. I notice some associations, for instance, raise a fund for this purpose through their yearly dues. Within four months after we started an agitation in Winnipeg for a fund to prosecute fraudulent debtors we had over \$9,000 subscribed. (Great applause.) I think something like fifteen or twenty houses subscribed \$200 apiece, payable on demand, \$10 at a time as needed. The members also subscribed individually, some of the subscriptions being as low as \$25, dependent on their financial position, and we have that as a detail which we have advertised from one end of the

country to the other. Crooks know very well that they are going to have a hard time of it if they come within the pale of the law. (Applause.)

We are trying also to get a false statement act on our books. We have the same troubles that you do, but we have this advantage: The criminal laws of the Dominion must be passed by the Dominion House at Ottawa, and once passed there they take effect throughout the whole Dominion. I believe if you get a false statement through, it is after you have wrestled with forty-eight or fifty legislatures. There is a tremendous difference in the amount of effort to be expended.

We are going ahead on your well established lines. We are trying to educate the retail merchants into giving us statements cheerfully. So far as I am concerned I do not give a man credit unless he does give us a statement, cheerfully or otherwise. (Laughter.)

We are trying to educate the merchant into keeping his stocks insured, and we do not give credit, if we can help it, unless there is proper insurance. In connection with this subject I will suggest what we are doing, which, so far as I know, is entirely novel. We have arranged to have an adjuster to represent the insured in case of fire. It came about in this way. It happened sometimes that an adjuster representing the insurance companies did not act exactly straight in seeing that the insured, and therefore the creditors, got all that they were entitled to. The adjusters usually represent the insurance companies; and while they are fair men and of high character, yet I have known more than one case where there was a fire and the adjuster came along and simply said, "Well, where are your books." "Here they are." "They are no good—we will give you 70 cents on the dollar or nothing!" And the man, very likely, takes 70 cents on the dollar. In such case, perhaps, he might pay 80 cents to 90 cents on the dollar to his creditors; whereas if he had gotten 100 cents on the dollar he would have paid his creditors in full.

To prevent this sort of thing we are arranging with an adjuster to represent the insured. His pay comes out of the proceeds of the policy, and in case of fire large creditors agree to the appointment of the adjuster. The adjuster is appointed and he goes there and sees that the insured gets his dues. This I consider a most important matter, as is perfectly obvious when you consider that our fire losses make up a disproportionate percentage of our total losses during each year. (Applause.)

We will shortly organize an adjustment bureau based on lines so successfully adopted among many of your associations, to take charge of assignments and the estates of those who are financially involved. As we have no bankrupt law such matters have hitherto been handled by private parties for individual profit. While this system has worked fairly well it is believed that a great improvement can be effected in this important matter.

I want to draw your attention to one or two facts in connection with the credit man's life in our country. In the first place conditions with you are practically settled. Of course, you are going to expand in your irrigated lands in Arizona, New Mexico and elsewhere. I take it for granted there is a lot of land which is going to be cultivated, and you will have a population of 150,000,000 or 200,000,000—there is no doubt about that. You are going right straight ahead.

But with us it is entirely different. With us our distances are great; and people are coming in quite rapidly. The first thing we know we will get a letter from a man saying he is going to start a hardware store thirty or forty miles from a railway; "Please send me your catalogue and make arrangements to ship in a carload of goods." That is a hard proposition. We have no guide to go by. You have a record of the various men whom you have to deal with, that is, you have your record unless it is covered up and the debtor changes his name half a dozen times; and then I suppose you have some difficulty in getting his record. But we are constantly meeting the difficulty that the purchaser is unknown in the locality from which he comes, and he is far away from any railroad. It is hard even to get mail to him sometimes; and the result is that it is difficult for us to handle the proposition of fresh credits in the way in which you can do it. It is difficult also sometimes to collect. What is the use of sending an account to a man who is thirty miles from a bank and his mail service only once a week?

As a result also of our new conditions we must give larger credits than you do, that is, credits going back further, because our country is a poor country. People are coming in without much capital; if they do not get goods they do not do business; and the result is that we undoubtedly give very much more faith and credence to the first two of the "C's" (Character, Capacity, and Capital) than to the last.

I started a man in business five years ago, with \$500. Now he shows a balance sheet of between \$16,000 and \$17,000. I recall the case of two young men who engaged in business with almost no capital a very short time ago; and in three months they started to take their discounts, and now they are worth \$35,000 to \$40,000. So it would be very foolish to make an ironclad rule to turn down those who start out a little weak financially, but who are strong in courage, determination, enterprise and ability.

But you will understand from this that the credit man's couch in Winnipeg and the Canadian west is by no means a bed of roses. However, he manages to get along, and if his hair does get gray too soon he cannot help it.

We appreciate deeply the hearing you have given us; we feel that between your organization and ours, just as between your country and ours, there should be the bonds of fraternal union, fellowship and good will; and I pray that the two countries and the two organizations may ever continue on an upward march towards prosperity, progress and most enlightened civilization. I thank you, gentlemen. (Long continued applause.)

Mr. Howard Marshall, New York—I move three cheers for the Canadian Credit Men's Association.

(Cheers given.)

Mr. Pigott—I thank you on behalf of my association, and I assure you we will go back with our hearts deeply touched. You have given us the greatest incentive and help for our future work.

Mr. G. Brown Hill, Pittsburgh—I think it would be well to annex the Credit Men's Association of Winnipeg to the National Credit Men's Association. (Enthusiastic cheers.)

President McAdow—I wish to take this opportunity to say that Mr. Pigott has performed a good service in opposing as he has all

annexation nonsense. This annexation talk has done much to prevent the accomplishment of reciprocity.

It is with deep regret that I announce the death of Mr. Hugo Kanzler, with Muser Brothers, New York City, which I think occurred yesterday. Word came to us while on the train as we came into this city in the afternoon.

This announcement will go to the Committee on Resolutions, and undoubtedly appropriate action will be reported later.

Mr. Kanzler is well known to all of us who have attended many of the conventions of the National Association. He was one of the first credit men in New York to join both the National and the New York associations, and he has been ever a most welcome and efficient worker at all our conventions.

The program for the business of the day having been completed a recess was declared until the following day at 9.30 o'clock A. M.

SECOND DAY.

Wednesday, June 14, 1911.

MORNING SESSION.

The convention was called to order at 9.45 o'clock by President McAdow, who called upon the Rev. Dr. Marion D. Shutter, of the Church of the Redeemer, Minneapolis, Minn., for the invocation.

Secretary Meek then presented a list of convention committees as follows:

Convention Committees.

COMMITTEE ON RESOLUTIONS.

F. S. Flagg, New York, Chairman.

G. S. Levi, Philadelphia.	John Boyt, Des Moines.
W. G. Walker, Boston.	C. R. Burnett, Newark.
J. W. Delano, Salt Lake City.	W. J. Trimble, Rochester.
E. A. Potter, Johnstown, N. Y.	J. L. McWhorter, Nashville.
W. B. Cross, Duluth.	L. B. Rogers, Wilmington.
F. B. McComas, Los Angeles.	F. G. Salter, Montgomery.
J. T. Hardeman, Seattle.	A. J. Murray, Decatur.

COMMITTEE ON NOMINATIONS.

F. M. Gettys, Louisville, Chairman.

Geo. R. Barclay, St. Louis.	A. C. Carpenter, New Orleans.
R. J. Morawetz, Milwaukee.	F. T. Day, Indianapolis.
E. A. Young, St. Paul.	J. T. Jordan, Minneapolis.
C. B. Sawyer, Detroit.	J. J. Jennings, Columbus.
W. D. Morgan, Hartford.	

COMMITTEE ON AUDIT.

F. H. Randel, Cleveland.	Max S. Green, Chicago.
H. E. Choate, Atlanta.	

COMMITTEE ON CREDENTIALS.

C. E. Meek, New York, Chairman.

A. R. Darragh, Pittsburgh.	W. B. Johnston, Cincinnati.
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Secretary Meek—The list of state chairmen is by no means complete, not more than ten names having come in so far. If those who have chairmen to nominate or place on the list will kindly hand their names to me at the close of the session, we may be able at the afternoon session to present a fairly complete list.

President McAdow—We will now receive the report of the Bankruptcy Law Committee, and in the absence of the chairman, Mr. Charles B. Joyce, the report will be read by Mr. D. G. Endy, of Philadelphia.

REPORT OF THE BANKRUPTCY COMMITTEE.

To the Officers and Members of the National Association of Credit Men.

GENTLEMEN:

The last annual report of the Bankruptcy Law Committee, delivered at the New Orleans convention in May of last year, was given at a time when the committee was in the midst of a struggle to have passed through Congress, the amendments to the National Bankruptcy Law.

These amendments were most strongly advocated by our Association, as well as by other commercial organizations. In his report the able chairman of the committee, Mr. O. G. Fessenden, outlined to the convention the work which his committee had planned and had already accomplished, and the work which they hoped to accomplish before the adjournment of the Sixtieth Congress. Just how fully these hopes were realized is now a matter of history; suffice to say, that on June 25, 1910, the amendments were approved without any change of moment and incorporated into the law.

This victory, won through the efficient work of Mr. Fessenden and his committee, has been most important to every member of this Association, as well as to every firm and corporation, and to every individual doing business in the United States. The amendments passed were as follows:

- (1) Regulation of receivers' fees.
- (2) Ancillary jurisdiction.
- (3) Broadening of the law as it affects bankrupt corporations.
- (4) Opportunity for composition before adjudication.
- (5) Authority given a trustee with the consent of creditors to oppose a bankrupt's discharge.
- (6) Making the obtaining of property on credit upon a false statement in writing given to a third person, a bar to discharge.
- (7) Widening of the definition of a preference.
- (8) Compulsory notice to creditors before a bankruptcy proceeding can be dismissed, or the bankrupt discharged.
- (9) Giving to the trustee the rights of a levying creditor as against unrecorded chattel mortgages and other instruments of transfer.

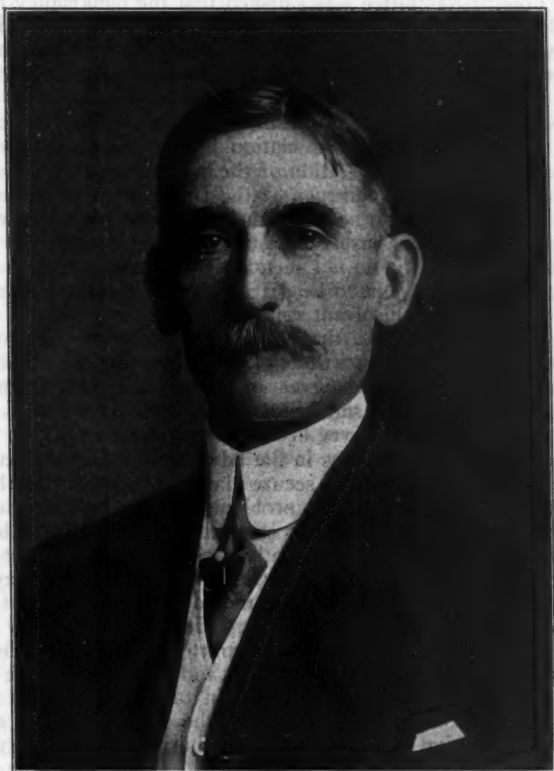
By the amendment regulating receivers' fees, receivers have been put upon the same basis as trustees, that is to say, they have been limited to the same maximum of compensation and that compensation has been made by way of commissions on amounts actually realized, and these commissions have been graduated according to the size of the estate and the services rendered; thus furnishing the business men of the United States, it is believed, with the first law concerned with insolvent estates, where the compensation of the officers of the court has been carefully adjusted and economically limited.

The amendment permitting the voluntary bankruptcy of corporations and also broadening the classes of corporations subject to bankruptcy, is another very valuable amendment.

The amendment permitting compositions without adjudication of bankruptcy, though under the control of the bankruptcy court, is intended to aid materially in the peaceable settlement of business failures, and, after the courts have come to readjust themselves to the new conditions

arising thereby, rules will doubtless be laid down that will tend further yet to advance this laudable feature of the recent bankruptcy amendments.

The amendment making the trustee a competent party to oppose a bankrupt's discharge at the expense of the estate, where authorized to do so at a meeting of creditors called for that purpose, is a valuable safeguard against unworthy bankrupts getting discharged *because of the expense of opposition, which theretofore rested upon individual creditors instead of upon the estate as a whole.



CHAS. D. JOYCE
A. Colburn Co., Philadelphia, Pa.
Chairman, Bankruptcy Law Committee

The two amendments, affecting unrecorded instruments, namely, the one which brings the date of proving insolvency and all the other elements of a preference down to the date of recording, and the other of which gives the trustee all the rights of a levying creditor as against unrecorded instruments, are valuable and important steps forward in the effort to prevent the deceit of creditors through the existence of secret liens, against which this Association has waged incessant warfare.

With the successful conclusion of their labors, successful even be-

yond their own expectations, Mr. Fessenden and his assistants retired, having fully earned the individual and collective thanks of the Association they had served so well. It is pleasant to recall and to record that the appreciation of our Association for the faithful, skillful, persistent work of this able committee and its able chairman, has been shown on more than one occasion in the past, and will be shown in the future whenever the opportunity arises.

Following the approval of the Sherley amendments your present committee was appointed.

Your present committee was satisfied that the bankruptcy law, especially as thus amended, was about as effective, just and economical a law in its terms as could be devised; and they came to the conclusion that any further amendments of the law were unnecessary, although, of course, conceding that in the future amendments might be needed to meet the growing wants and needs of the business world. What your committee wishes to impress upon the Association is the great and ever-present need of guarding the administration of the law. By earnest effort on the part, particularly, of the credit men of the United States, the bankruptcy law, in its present form, can be made almost an ideally perfect instrument for the administration of insolvent estates. The defects now apparent in the administration of it do not seem to your committee to be peculiar to bankruptcy law at all, but to be defects that are inherent in all efforts of courts to administer insolvent estates. However, it is the faith and confidence of your committee that if the credit men of the country will set themselves intelligently to the task of correcting any and all maladministration of the law, whatever evils may exist will be minimized, and they are confident this result will be achieved better with this law than with any other law that has ever been given to the people.

One of the serious problems in the administration of the bankruptcy law arises from the scramble to secure claims to control the election of the trustee. The solution of this problem is one requiring the gravest thought and consideration, but your committee believes it can be solved. Perhaps the solution will be differently arrived at in different parts of the country and in different communities. For example, it may be that in the smaller communities one certain method may be the most feasible, whilst in the larger cities, another quite different method may be more appropriate. But of one thing your committee is sure, the solution will everywhere depend upon the earnestness and diligence of the business men, and particularly of the credit men, in taking active part in bankruptcy administration. Every phase of the administration of bankruptcy law is of vital importance to the business community, as the business interests foot the bill. This law, to achieve its true purpose, must be efficiently and honestly administered. It is the most important mercantile law now on the statute books, and by earnest effort to root out such of the evils inherent in insolvency administration generally which have also attacked the administration of the bankruptcy law, we can make the law more and more respected and honored by the business world.

In this connection, your committee recommends that the National officers be empowered to appoint a committee to confer with other kindred associations, commercial and law, for the purpose of ascertaining some feasible remedy for rectifying and correcting such of these defects of administration which may still persist in hampering the just and economical administration of the law.

The committee wishes to call the attention of the members to the

fact that the National office has had printed in pamphlet form a complete copy of the bankruptcy law, including the amendments of 1910, several thousand copies of which pamphlet have already been distributed. Every credit man should have a copy of the law and should familiarize himself with its general provisions. Your committee feels that a better understanding of the law should prevail, for the law is the bulwark of the credit system of doing business.

As a means of educating our members on bankruptcy law and methods, the National office has put into operation this year a special bureau, the Bankruptcy Law Department, which is under the supervision of Mr. Harold Remington, and is prepared to answer all questions pertaining to the bankruptcy act. Through this department, members can investigate any matters of seeming irregularity, and learn authoritatively their rights under the law. The establishment of the bureau is a step in the right direction. If freely and generally consulted, it will do much towards instructing the business community on matters of bankruptcy.

Your committee, feeling just and natural pride in the bankruptcy law and its successful amending of last year, and appreciating that the law is a magnificent measure with wonderful flexibility and adaptability to almost all the different exigencies of business life, reports with regret that already there have been introduced into Congress three or four bills for the total repeal and abolition of the bankruptcy law, one of these bills having been introduced by Congressman Henry of Texas. So far, these bills have caused little uneasiness to the friends of the bankruptcy law, but there is no doubt that Congressman Henry and his associates will make strenuous efforts to pass some repeal bill later on, and your committee wishes to arouse this Association to the fact that we will be forced to enter into a vigorous campaign this fall and winter in order to keep this great law upon the statute books.

We believe that the persistent and repeated attempts to repeal the bankruptcy law are not due to any radical defect in the law itself, but rather to a misapprehension of its true great aims and to a failure to recognize the tremendous value that the law possesses for all our citizens. There is, in places, without doubt, honest opposition, but such opposition arises, it is believed, either through misapprehension of the real purposes and capabilities of the law or from instances of improper administration of the law, which may have passed under the eye of the particular critic then speaking.

Now, it is the work of the credit men both to educate the people with regard to the great value of this law and also to correct those instances of maladministration that are surely bound to occur at some time, in some place, and from time to time, and which must be expected. If the credit men of the country were united and earnest in their efforts to see that the bankruptcy law is rightly administered, they could make that law fulfill the true objects that it was designed to fulfill. To these ends and aims, your committee wishes the credit men, one and all to dedicate themselves.

To sum up our conclusions, your committee recommends: First, that a committee be appointed by the general officers to consult with other organizations in the patriotic effort to rectify whatever defects of administration may still persist.

Second, that each and every local association make it a part of its duty to aid in the right administration of bankrupt estates in their several communities, and to report to the next convention

precisely what part it has taken in helping to make successful the administration of bankruptcies occurring during the ensuing year, giving the number of bankruptcies occurring in its own community and the number of bankruptcies in which they have participated and the results arrived at therein.

Third, and in conclusion, your committee wishes to recommend its unqualified endorsement of a National Bankruptcy Law, and to submit for your consideration the following resolution:

"WHEREAS, The National Bankruptcy Law as amended, is the wisest and most just measure for the administration of insolvent estates that has ever been enacted for the people of the United States, and,

"WHEREAS, It is the sense of this Association of credit men that the maintenance of that law is absolutely essential to the protection of the rights of business men dealing with each other in different states and localities, as well as to the right relief and just protection of both debtors and creditors throughout the country, now, therefore, be it,

"Resolved, By the National Association of Credit Men, in convention assembled, that we do pledge ourselves to work unceasingly to prevent any repeal of the National Bankruptcy Act; to improve the act from time to time if changed conditions so demand and to take active part in the practical administration of bankrupt estates and to the betterment of the practice in bankruptcy matters."

Respectfully submitted,

HARRY K. HUNTOON,
J. GAZZAM MACKENZIE,
F. G. SALTER,
E. F. SHEFFEY,
CHAS. D. JOYCE, *Chairman.*

President McAdow—The report of the committee is before you and Mr. Endy will have the floor.

Mr. Endy—I move the adoption of the resolution as read.

Motion seconded and unanimously carried.

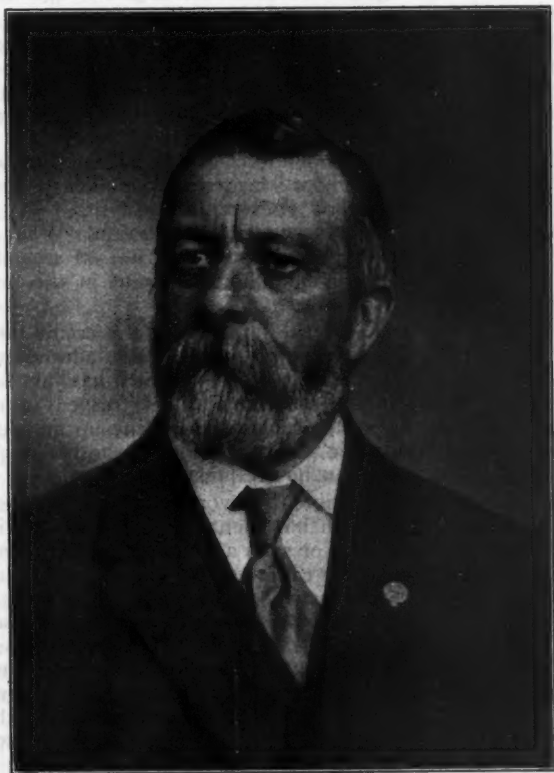
President McAdow—Are there any further resolutions or discussion under the head of this committee?

Mr. R. S. White, Chicago—I have nothing to offer in the way of a resolution in connection with this report, but recently there came forcibly to my attention the attitude of certain other associations of the country towards this law, and it occurred to me this matter might be of interest to the Association. For instance, I had occasion to attend a state convention of the retail hardware dealers, and on the way to that convention I met the national secretary of the Retail Hardware Dealers' Association. I do not know how well acquainted you are with that association, but I was surprised to find that as an association it is running our own organization neck and neck as to membership, having somewhere between 13,000 and 14,000 members in the United States, and state associations or organizations in about thirty-five states.

In my talk with the national secretary I discovered that their attitude, while not actively aggressive, was in opposition to the national bankruptcy law. I did what I could to find out the basis of this opposition, but was unable to discover anything very specific.

The nearest I could find was that their official felt the law worked a great injustice, inasmuch as its administration resulted in the distribution of the assets of insolvents among court officials and attorneys. That, at least, seemed to be the principal objection. One other objection which was not pressed to the same extent was that the sale of assets frequently turned a lot of goods at bankrupt prices loose on the community to the detriment of solvent dealers.

I did what I could to bring about a different understanding, to show that the faults complained of had been largely remedied in the



ARTHUR PARSONS
Z. C. M. I., Salt Lake City, Utah
Director

amendments passed last year, and I think I left him with somewhat modified views.

Now, it seems to me, that this Association wherever it can find an opportunity to bring itself into contact with other associations, such as the Retail Hardware Dealers' Association, should do so, and, if possible, give our friends—in the retail organizations—a truer idea of the workings of the bankruptcy law. (Great applause.)

Mr. E. M. Storey, Philadelphia—I have been very much inter-

ested in what Mr. White, of Chicago, had to say in regard to the attitude of trade organizations on the subject of the bankruptcy law. I believe at the present time it is understood that the associations of New York state are trying to co-operate with trade organizations with reference to forming a list of bona fide credit men who would be willing to act as receivers or trustees in bankruptcy when chosen or named by the judges of the courts in their respective districts. To say that a proposition looking to a similar arrangement throughout the nation is advisable at this time would be rather optimistic; but I do think that in our larger centers work along that line should be well directed and that the time would be well spent.

In Philadelphia we hear from the best authorities on the subject of bankruptcy and it is generally conceded throughout the country that the trouble is not with the law. There are no important defects in the law; the law is just and equitable; but the difficulty is all in the administration of the law. Some have gone so far as to say that the administration of the law is hopelessly bad. That is in no sense my opinion, but that there is room for a large improvement in the administration of the bankruptcy law goes without saying. Just how to bring about that improvement is a mooted question. What we seek to have to-day is not a better bankruptcy law, not an amendment to our present bankruptcy law, but an improvement in the method of its administration.

Lawyers will tell you that the lethargy of the credit men themselves is solely and chiefly to blame for the poor administration of the bankruptcy law. In the excellent report which has just been read by Mr. Endy you will find recommendations framed in no weak terms; that the credit men themselves should line up and lend their aid and assistance to a proper administration of the bankruptcy law in their own districts there can be no question.

I believe that it is possible by working through these trade organizations which Mr. Smith has mentioned, to exert an influence that this Association never has or such as a single organization would find impossible to exert. We cannot hope to go before any court by pleading in the interests of any one association and get the same consideration that we would get if we were there hand in hand with half a dozen trade organizations. The truth is that if our trade organizations which are usually made up of trade managers and trade representatives, were properly approached and those sales managers were sent back for an opinion to their credit department, that they could be brought into line and would work in harmony with this Association. I do not like to feel that any trade organization, well informed, properly posted and instructed, would put itself on record as opposed to the justice or equity of the bankruptcy law as it stands on our statute books to-day.

The administration of the law is the big subject. I think Mr. Remington, who is present, will tell you that our efforts should lie in the direction of improving the administration of the law; and that is something, as the report says, that each local association must work out for itself; but I most heartily endorse the sentiments of Mr. White in the matter of co-operating with trade organizations for the purpose of getting them to stand on the same footing as ourselves, to work hand in hand with us for the more equitable and just administration of our law as it now stands.

Mr. J. G. Davis, Dallas—I think the bankruptcy law is the

salvation of the credit man. I remember several years ago in Texas when we had no bankruptcy law, but instead the deed of trust with preference of creditors. If any of you remember those Texas days you will recall that they were very harrowing. The bankruptcy law has done away with that condition. But one of its worst features is in the administration, especially in the fact that referees allow large fees to the attorneys who file the petitions.

I think that that is the very worst point in the law as it is administered to-day with which we have to contend. I believe that our Association will have to work to bring it about so that the law shall permit no fees out of the estate to the attorneys filing petitions.

My work has brought me into many cases in which attorneys were allowed exorbitant fees. In estates amounting to \$1,500 or \$2,000 they would be allowed from 10 to 20 per cent. This brings on the professional bankruptcy lawyer. We have them with us and I presume you have them with you. As soon as a lawyer learns of a little trouble he begins to gather claims and rushes to the bankruptcy court. It is not for our interest or the interest of the creditors at large that he works, but it is for the interest of the individual attorney that he gets the largest fee possible. As the claims are small he has no hope of getting a large fee without controlling the bulk of the claims; and I believe, if we could make the change I have suggested, the law would be largely improved.

Mr. H. C. Scott, St. Louis—I move you, in consideration of the discussion to which we have been listening, that the following resolution be adopted:

"Resolved, That the National Association of Credit Men get into communication with such other business organizations of national scope as should be interested, and seek to get their co-operation in the maintenance of the bankruptcy law upon the statute books."

Motion seconded.

Mr. Endy—I think that is already embodied in the recommendation of the committee.

President McAdow—It is here as a recommendation, but there is nothing to give it effect, possibly. We should be glad to have Secretary Meek make us a statement with regard to the situation.

Secretary Meek—Having been in very close touch with the work of the Bankruptcy Law Committee I feel that I know the situation pretty thoroughly, and while there is no objection to the resolution which Mr. Scott has offered, I think it may be just as well to say that practically every trade organization in the country, wholesale, retail, boards of trade, chambers of commerce, travelers' associations and organizations of all kinds, have been brought into co-operation with our bankruptcy work; have had laid before them our plans; have had placed before them the amendatory bills, and have, in the main, given us most excellent and hearty support in our efforts to amend the law.

The National Association of Credit Men had its work practically delegated to it eight years ago; and when we went before Congress asking for amendments, we had trade organizations from all over the country come there and join us in an appeal to the judiciary committee. For these latest amendments none of these organizations thought it necessary to spend their money or their time in sending delegates to help us. They used their influence with their home Congressmen; their support was very valuable to us and had a large

bearing upon the success with which we met. But in the National office we have data showing practically how every trade organization in the country, even laboring organizations, look upon the bankruptcy law. We know where the weak brethren are, and where the strong ones are. I thought this statement, perhaps, would clarify the situation in regard to the resolution offered. (Great applause.)

D. M. Davis, Omaha—It seems to me that from Mr. Meek's statement it would be well to leave this matter entirely with the Bankruptcy Law Committee, and I therefore move to lay the motion on the table.

Mr. E. D. Flannery, New York—I would ask my predecessor on the floor to withdraw his motion, and I suggest that we ask the party who proposed the original motion to withdraw same. It seems to me that, inasmuch as the matter has been taken up actively by our executive officers here, it is just as well not to encumber our proceedings with too many resolutions.

President McAdow—The motion having been seconded and stated is the property of the convention, and can be withdrawn only by the convention's consent. Is there consent? This consent being given and their being no objection, the maker of the motion, with the consent of the second, may withdraw the motion.

Mr. Scott, St. Louis—(Maker of the motion.) Under the existing circumstances I will cheerfully withdraw the motion. I did not know that such methods had been previously pursued.

(Motion withdrawn with the consent of the second.)

President McAdow—If there is no further discussion on this subject, it will now be our pleasure to have an address by a credit man on the topic of "Reciprocal Interchange."

RECIPROCAL INTERCHANGE.

Address of H. E. Smith, Columbus, Ohio.

Mr. President and Fellow Members:

Without taking the trouble to look up Webster's explanation of the word "Reciprocity," we, as business men, form our own opinion and know that the true meaning is—"You scratch my back and I'll scratch yours." It must be remembered that to be fair there must be just as much willingness on your part to lend the helpful scratch as to ask to receive same. That this convention believes in mutual interchange, mutual helpfulness in all matters pertaining to credit is best evidenced by the fact that we are here assembled in our Sixteenth Annual Convention. Were we not persuaded of the importance of these matters such organization as this could not exist. It seems to me that the main consideration now that we are as far along as we are is to study how to "harness" successfully our desire to be of mutual help one to the other.

One of the most advanced plans for reciprocal interchange that has come under my observation is that of the manufacturing hatters who sell the jobbing trade. They sell their entire product through some dozen or more commission houses. These commission men are working in happy harmony to the extent of employing an actuary to whom all orders and payments are submitted. That there is a twofold benefit in this there can be no doubt. And why? Because in the first place in receiving the orders of all customers and by having in his possession

copies of the purchases of the previous years, our Mr. Actuary is able to determine whether a customer is, or is not buying beyond his means, for even an honest man—a conscientious man—may not be doing his business scientifically; perhaps, for instance, he is not running a stock sheet; he has not a record of his previous purchases or present wants, and as a result he may be influenced to overbuy, particularly if he falls into the hands of a clever salesman. On the other hand we have the occasional dishonest debtor; the one who is striving to increase his purchases to the topnotch that he may be able to help himself in the failure that is going to happen some few months hence; but Mr. Actuary with his previous orders in front of him, and with a detailed report of just how much business the man is doing, can and does know in that proportion how his purchases should be increased or decreased. Inasmuch as all payments come to him it is possible for the manufacturers to unite on a dating period which is not harmful to themselves. This removes the possibility of the customer taking a larger discount than he is entitled to, and I have no doubt our actuary is able to handle successfully the firms or corporations which are too free with the cancellation habit, also those unfair in their deductions or short in their payments. In brief the system illustrates what can be accomplished when good, strong, level-headed business men get together for the very purpose of helping themselves, their general business, and the welfare of the customers with whom they are doing business.

In my city are something over five hundred grocery men. They have a reciprocal credit plan in the matter of their customers that is worth describing. Each grocer has given the names of each and every customer to whom he has extended credit to the secretary of the grocers' association, who has all of this information compiled in such manner as to be able to give all inquiries quick replies, and should a charge customer move from one part of the city to another and in moving request a charge account with his new grocer, the concern to whom the request has been made will immediately get in touch with the local secretary and learn if this new customer has settled his obligation with his old grocer; finding him in arrears our customer would be politely told that upon settlement with his former grocer, credit would be extended. This thorough plan has almost entirely eradicated the professional dead-head in my city. It has made it possible for the grocer to retain his capital intact; allowed him to do a greater volume of business with less money invested, and it is a fact worthy of note that failures in grocery circles in Columbus, Ohio, are extremely few and far between, all of which our local grocery men will tell you is largely due to their splendid system of interchange of credit information.

It is naturally the desire of all who have given thought to this question to want to get the very best good possible from the reciprocal system and so I thoroughly believe that each individual association must sooner or later establish an "Interchange Bureau," a bureau to which all members will come and exchange their information.

To bring this to a successful issue it is first necessary to select a directing head and for all members to give to the manager so selected a complete list of customers together with all credit information they may possess; for instance, the amount of the man's worldly goods—a carefully formed opinion of his sense of moral obligation—of his ability to do successfully the business in which he is engaged—of his habits—his manner of meeting his responsibilities. A member should give information if he can regarding the amount of fire insurance a customer is carrying—should tell the amount of credit that he is extending him—and last but not least the

willingness of both the debtor and his wife to live within their means. I might say that in our bureau of Columbus we have complete reports on over three hundred thousand merchants doing business in our vicinity. That means that there are three hundred thousand people doing business in our neighborhood on whom we can give you complete ledger information instantaneously.

Where credit is extended in a foreign state, credit men should know and report to their interchange bureau exactly what the conditions are in the locality in question; on what men depend for their livelihood in



F. R. SALISBURY

Salisbury & Satterlee Co., Minneapolis, Minn.

Director

each community. A man selling goods in a distant place should have a thorough knowledge of the town, should know whether his prospective customer is located in a mining town, or in a manufacturing town, or in an agricultural district. If in the latter, a strike in the mining district need not concern him in any way; if in a coal district and the operators are not working, a merchant has little need of goods, and these facts must command attention in checking the order. If your bureau has successfully compiled all this information, if it can give all this absolute data to inquiring customers the bureau has reached the point where a general

report on conditions should be handed to each member every week. This can best be done in the form of a "Drop List." This list should be compiled and given to each member at the week end. Through it, members of the bureau should be notified of such customers as are becoming slow in their payments or are for any reason unsatisfactory. With this information in hand, it is almost impossible for the undesirable to remain long in the credit field.

When your credit man has a well organized bureau at his elbow, it will be found that there springs up instantly a more friendly feeling between the credit desk and that of the salesmanager; the credit man, being able to get from his local bureau thorough information, is perfectly willing to assist in the opening of new territory. The salesmanager, prior to the starting of the salesmen, has received from the credit desk a list of good prospects in the territory which he contemplates invading. As a consequence, his salesmen enter the field with a greater earnestness in their work, having in their possession a list of customers who are not only acceptable but desired and they have the double assurance that all orders received will be acted upon quickly and favorably. The credit desk has been enabled to gather such thorough information through the bureau that instead of fear and timidity in the heart of him who presides over it on receipt of a new order an investigation has given him absolute confidence to pass without hesitation upon a new order. This we, as credit men know is one of the most desirable things in our business. Nothing pleases the customer so thoroughly, nothing gives the salesman so much satisfaction, nothing yields duplicate orders so quickly as prompt shipments.

In our local association we have gone one step farther in our reciprocal interchange work. We have appointed a committee whose pleasure and duty it is to inquire into the condition of accounts of delinquent customers who have previously been prompt pay and who have stood high in the opinion of our members. Very frequently we find that our debtor is worthy of our consideration and even entitled to our assistance. Perhaps, we find that through some troublesome strike in his district or some contagious disease, he has not been able to dispose of the goods which were bought early on reasonable expectations. Local conditions had suddenly become abnormal. These facts are taken into consideration by our committee on investigation, and our work in such cases is to lend a helping hand to the customer and in every way to give him our kindly assistance until conditions are again restored to their normal state. You can well appreciate the feeling of an honest merchant who has been helped in this manner. He is most appreciative of the courtesy extended and almost invariably we find him loyal to those who have aided him. It is only occasionally that our committee upon investigation reports unfavorably; namely that their investigation has proved to them that the debtor is only striving to "cover up"; is not handling the business for the best interest of the business or with a view to paying his creditors. This investigation comes usually so early that the members of the exchange bureau are almost invariably able to withhold further shipments; to collect their accounts, and close their relations with the debtor before disaster overtakes him.

We occasionally find a merchant member who feels some embarrassment in giving to the manager of our bureau a complete list of his customers, saying that to be truthful he must even include his past due list as well as his active accounts. Again we find that some members object to presenting their entire list of names saying that they have special guar-

antees in special or unusual accounts. Another declares, perhaps, that he has a confidential signed statement in certain cases. But such circumstances should not in any way interfere with the enjoyment of the reciprocal benefits to be derived from belonging to the bureau. On the item of past due accounts there are none who will not learn something from the "Drop List," which will be of benefit pertaining to the particular past due accounts which were giving concern at the time of listing customers for the bureau, benefit perhaps to the extent of many times the cost of the trouble and money spent in getting this information.

The point is, should your account be a guaranteed one, say so frankly, and allow the matter to be entered upon your customer's ticket. You need not fret about going into details as to the sort of guarantee. simply let it be understood among your co-workers that you are not selling this particular account on the regular ordinary basis of an open account. When signed statements are concerned the same notation should be made. Very quickly you will learn that all these little problems have been met and solved by the very men who are enjoying the greatest benefits from the exchange bureau.

Creditors are more and more inclined to ask for and to receive, as a business courtesy signed statements from all customers and all bureau members are helped by this custom. You cannot afford to remain on the outside of such an organization as I have described. Consider, for instance, a recent failure in which the Columbus territory was interested to an amount exceeding \$5,000. Columbus merchants in this case alone lost in the neighborhood of \$3,000, and yet, not one member of our exchange bureau was included in the list of losers. The losses that were sustained by our local merchants were distributed among those outside of the bureau.

We occasionally have some one who is loyal to the bureau and yet does not feel disposed to be guided by the experience of others. Where the debtor is reported slow pay from time to time, he fails to read the handwriting on the wall, as it were, and continues to ship goods. That this is unwise is best evidenced by the fact that in the past few days one of our good members lost something over \$400, simply because he was unwilling to believe the information that was given to him. He believed that his acquaintance and close touch with the party whom all others had stopped selling was to be relied upon more than the combined experience of all his fellow merchants. He has since changed his opinion and only a few days ago admitted with considerable feeling that in the future he would be guided by the report that is given him from the experience of his fellow-workers.

All this mass and kind of information is compiled and made ready for the use of all who enjoy the reciprocal arrangement. We do not believe that any method has been found in which you can get honest direct ledger information so quickly as through a well managed interchange bureau such as we credit men of Columbus have. It is very probable that you are going a great many miles away from home for information which takes hours and hours to be compiled and forwarded, which information you can have at your own home in a more complete and more thorough manner, and at a far less cost than you must pay to the foreign producer. And you have information upon which you can rely. It is the experience of your co-workers.

After each association has brought to a successful point its interchange cabinet the system may easily be broadened into a "Sectional Cabinet." In Ohio we were successful in arranging reciprocal interchange

with Toledo, Youngstown, Cincinnati, and Cleveland, and hope very soon to have such arrangements with Pittsburgh, Buffalo, Louisville, Indianapolis, Charleston, and Wheeling. Our arrangement is such that the individual member of any of the above mentioned cities may himself call upon the bureau in the various cities where his customers are likely to be buying and in this way at practically no expense to himself gather the ledger information desired. In time we may broaden our scope to the extent of establishing a national bureau, but this feature must be left to time and the continued widening of local association circles. With this reciprocal plan thoroughly installed in your local association, with information completely and correctly compiled, you have a temple of wisdom to which credit men will resort daily.

In conclusion I wish to emphasize the possibility—and I might well say the necessity—for organizing in each association a reciprocal exchange bureau; for it is an assured fact—tested and not found wanting—that the interchange of information will lessen your losses, lighten your worries, and prove a blessing and help to all who take advantage of its privileges.

Mr. August N. Ritz, Milwaukee—I would like to ask Mr. Smith one question. He stated that after getting his interchange bureau to furnish him with the names of all responsible dealers in a new territory that he wished to open, he selected the names of good dealers, reliable dealers, and then sent out five new salesmen to capture the trade of these good dealers that were customers of his competitors. I would ask him if that indicates a beneficial effect of the bureau, and how his competitors view its operation; also if he blames some of them for not wanting to come in.

Mr. Smith—I will be glad to answer the question. You will find within your bureau houses of all kinds represented. It may be a cheese man, a hardware man, or it may be a fertilizer man. They have simply the knowledge that the man is thorough in his knowledge of the business; that he is capable of running his business. We never had an instance of a dealer seeking information which would enable him to capture the business of a competitor, and no such information would be furnished, even if requested. If you are selling hosiery you are just as much interested in knowing how a dealer pays for his clothing or for his wooden shoes as he does for his hosiery. At least, we have so found. We believe that if a man does not pay for his cheese he probably will not pay for his tinware.

Mr. Ritz—That is not the point. Of course, if you were selling cheese and your competitor were selling cheese, you would not be looking after the man who is buying plows. If you send your five new salesman to capture the cheese business, will your competitor think that that is fair dealing?

Mr. Smith—If you were a dry goods man and trying to open up in a territory and wished to secure information in order to compete with the very man who gave the information, it would not be given. You would be considered a little bit selfish if you tried to get that information. You would be going beyond the point of business courtesy. Our bureau would frankly tell you that that was not right and would refuse the information.

Mr. Ritz—You made the statement that you selected from the interchange bureau list names of customers that were desirable.

Mr. Smith—That is right.

Mr. Ritz—And that you sent five new salesmen out to get the business of these men in the same line. That is the point.

Mr. Smith—If a hardware man were investigating a territory, of course, if the line that was represented was a jobbing line and it was nearby trade, and particularly the general stores, and I knew that in this particular line there was no other member in his kind of business in the bureau, and he was getting the information as to how the shoe man was paying for shoes and hats, and was going to sell a commodity entirely different, the information would be given. But we have a ruling that should one dry goods man ask a list of another dry goods man it would not be given. Our members have been very fair and have never asked for such information.

President McAdow—That seems to answer the question. We will now receive the report of the Committee on Credit Co-operation. Mr. W. B. Cleveland, chairman, of Memphis, could not be in attendance, and in his absence the report will be read by Mr. J. H. Scales, of Louisville.

REPORT OF THE COMMITTEE ON CREDIT CO-OPERATION.

To the Officers and Members of the National Association of Credit Men.

GENTLEMEN:

Your Committee on Credit Co-operation was created by an amendment to the constitution adopted at the New Orleans convention, the work of the committee having formerly been under the supervision of a joint committee on mercantile agency service and credit co-operation.

The subject of credit co-operation is one of the most important that could be brought before this convention. Before the organization of the National Association of Credit Men, there was no such thing as co-operation among credit men, but your committee is glad to be able to report that co-operation is now the rule rather than the exception. If the Association had accomplished nothing else, the spirit of co-operation it has created amongst its members would be a sufficient justification for its existence.

Our Association has repeatedly gone on record in approval of the free interchange of ledger experience among its members, and your committee is in hearty sympathy with this; but the number of inquiries has increased so that it has become necessary for members to be careful about making unnecessary inquiries. Some of our members report that the number of inquiries received by them is so large that they find it necessary to employ a clerk whose time is devoted exclusively to handling them.

The exchange of information should always be on a reciprocal basis, and we must be careful lest the volume of inquiries become an unwarrantable burden upon our members. Clearly no house should attempt to pass its credits solely on the ledger experience of fellow merchants, and without subscribing to any mercantile agency, as we are informed some few houses are now doing. Such action tends to increase the number of inquiries unnecessarily.

Frequently the rating of a customer is sufficient to enable the credit man to pass an order without a trade investigation, yet instances have been

brought to our attention in which inquiries have been made on twenty-five-dollar orders given by concerns rated at a million and more.

The exchange of credit information would be facilitated, and put in less danger of abuse, if the following rules were observed:

FIRST. THE ASSOCIATION BLANK SHALL ALWAYS BE USED IN MAKING INQUIRIES.

SECOND. EACH INQUIRY SHALL SHOW THE AMOUNT OF THE ORDER; AND WHEN IT IS *A FIRST ORDER*, SHALL SO STATE.

THIRD. IF THE INQUIRY IS ON *A CUSTOMER*, AND IS FORWARDED TO ONE WITH WHOM CREDIT INTERCHANGE IS RARELY CARRIED ON, THE INQUIRER SHALL ACCOMPANY HIS COMMUNICATION WITH A STATEMENT OF HIS OWN EXPERIENCE, AND THUS ENCOURAGE THE RECIPROCAL EXCHANGE OF VIEWS.

FOURTH. INQUIRIES SHALL NOT BE MADE EXCEPT ON ORDERS ACTUALLY IN HAND, OR ON AN OPEN ACCOUNT. IF INVESTIGATION IS BEING MADE WITH A VIEW TO SELLING AN ACCOUNT, A LETTER SHOULD BE WRITTEN STATING THAT FACT.

FIFTH. ALL INQUIRIES TO BE TREATED CONFIDENTIALLY, AND UNDER NO CIRCUMSTANCES SHALL THE SUBJECT OF THE INQUIRY BE INFORMED THAT HE HAS BEEN INQUIRED ABOUT. *THIS IS FUNDAMENTAL.*

SIXTH. ALL INQUIRIES SHALL BE ANSWERED IF POSSIBLE ON THE DAY OF THEIR RECEIPT; AND SHALL NOT BE SIMPLY TURNED OVER TO A BOOKKEEPER OR CLERK, BUT SHALL PASS THROUGH THE HANDS OF THE CREDIT MAN, IN ORDER THAT SPECIAL INFORMATION HE MAY HAVE, NOT APPEARING ON THE BOOKS, MAY BE FURNISHED.

CREDIT EXCHANGE BUREAUS.

Forty-four of the seventy-two affiliated branches of the National Association are now operating credit exchange bureaus. Your committee asked each of these for a full report, and also for copies of all forms used. The replies received indicate that the bureaus are constantly growing in size and increasing in usefulness. The tendency seems to be to tabulate the ledger experience of members, and furnish it to the bureau's subscribers in written reports, rather than merely to give the names of parties reported as selling, and thereby indicate where the information is to be found. Tabulating ledger information largely decreases the number of inquiries to be answered by individual members, and the tabulating and writing of reports should in the committee's opinion be encouraged.

INTERCHANGE OF CREDIT INFORMATION AMONG LOCAL BUREAUS.

At the last convention a resolution was adopted suggesting that local associations arrange some uniform plan for the interchange of information. A copy of this resolution was transmitted to each local association with the request that it advise your committee whether or not it was willing to enter into an agreement such as the resolution

contemplated. A sufficient number of replies was received to lead to the conclusion that a practical plan could be put into effect, whereupon your committee drew up the following agreement:

"Committee on Credit Co-operation, National Association of Credit Men.

GENTLEMEN:

We hereby agree to the exchange of credit information with all affiliated branches of the National Association of Credit Men operating



W. B. CLEVELAND
Austin Clothing Co., Memphis, Tenn.
Chairman, Credit Co-operation Committee

Credit Interchange Bureaus, provided they are willing to enter with us into a plan of operation on the following basis, to wit:

1. All requests for information are to be made by members through their local Credit Interchange Bureau, and a stamped and addressed envelope is to accompany each inquiry forwarded by a bureau.

2. The bureau answering such inquiry shall make a charge of four cents when it furnishes the names of three or more members selling the subject of the inquiry.

3. If local bureaus tabulate the experience of their members, tabulated reports shall be furnished the inquiring member at the price charged local members.

4. Settlements between the various local associations to be made monthly or quarterly, at the option of the association furnishing the information.

5. Local associations subscribing to this agreement may withdraw by giving the National Committee on Credit Co-operation sixty days' written notice.

6. Exchange of information between local associations, parties to this agreement, shall be under the immediate supervision of the National Committee on Credit Co-operation, and subject to such reasonable rules as said committee may adopt.

We will furnish tabulated reports atcents each.

We will furnish references only.

Signed and dated at
thisday of, 1911.
....."

Local associations at Baltimore, Buffalo, Duluth, Lexington, Louisville, Memphis, New Orleans, Richmond, San Diego, Tacoma and Youngstown have signed this agreement, and your committee is now in correspondence with various other associations which, we are encouraged to believe, will join the movement. Naturally so important a question must be handled slowly and carefully. We believe that we are on the right track, however, and earnestly recommend that the incoming committee make every effort to further this movement.

Your committee offers the following resolutions:

I.

"Resolved, That the efforts of the Committee on Credit Co-operation to formulate rules for the exchange of credit information among members of this Association receive the full approval of this convention, and that the incoming committee be charged with the duty of perfecting these rules, and of giving them the publicity which their importance warrants."

II.

"Resolved, That this convention learns with satisfaction the record of rapid development of bureaus for the exchange of credit information in our various affiliated branches, and urges that those of our branches which have not already taken steps in this direction, do so during the coming year, thus affording their members what is acknowledged to be the most exact and scientific basis for credit granting."

III.

"Resolved, That the plan adopted by the Committee on Credit Co-operation for the interchange of credit information among the

bureaus of the various local associations, as submitted in this report, be and the same is hereby approved, and all local associations are urged to co-operate in the general adoption of such plan."

Respectfully submitted,

W. S. BOWMER,

WM. R. KING,

J. R. PAINE,

J. H. SCALES,

W. B. CLEVELAND, *Chairman.*

At the request of the St. Joseph Credit Men's Association the following resolution is offered for the consideration of the convention:

"WHEREAS, There is a constantly increasing use of trade inquiries among our members and credit men generally, and the great majority of such inquiries do not contain the experience of the inquirer, which works a serious inconvenience to the house from which the information is sought, and is not in keeping with that spirit of co-operation which this Association aims to foster.

"Resolved, That it is the purpose of the National Association of Credit Men to discourage the practice of soliciting information without tendering an equivalent with the inquiry, and that all members be urged to adopt the form of credit inquiry as recommended by the National Association of Credit Men."

President McAdow—The report of the committee is before you with the resolutions, and the question will be on Resolution No. 1. Mr. Scales will have the floor.

Mr. Scales—I move the acceptance of the report and the adoption of the first resolution as read.

Motion seconded and unanimously carried.

President McAdow—The report is accepted and the resolution is adopted.

President McAdow—The question is on Resolution No. 2 as read.

Mr. Scales moved the adoption of the resolution.

Mr. C. S. Dickey, St. Joseph—I second the motion. I wish to say while this resolution is only a restatement and reiteration of the essential principles of co-operation that the Association has always stood for, at the same time we find that the abuse of the use of credit inquiries is growing and that the great majority of them are unaccompanied by the experience of the inquirer, in fact, that abuse is noted as much on the part of those houses which are willing freely to give information upon request, and I think more often, than for any other reason, because of the pressure of business, and the purely routine character of these inquiries which are gotten out by a clerk and frequently do not pass through the hands of the credit man at all. To make clear our position in this matter several St. Joseph houses are using a little stamp in returning inquiries, which is about as follows: "Please volunteer your own experience when asking ours." Where it seems impossible to get these replies, these voluntary offers of information properly, we use a stamp returning the inquiry unanswered, endorsed: "Please supply your own experience and we will reply promptly. We are always willing to exchange information."

Resolution No. 2 was then put to vote and carried.

On motion, duly seconded, the third resolution was then adopted.

President McAdow—The question is now upon the resolution offered by the St. Joseph association.

Mr. Dickey—My talk had reference to the resolution of the St. Joseph association, and I would like to have it so considered.

Mr. Scales—I move the adoption of the St. Joseph resolution.

Motion seconded.

R. S. Witter, Toledo—We approve of what Mr. Dickey has said in support of his resolution, but we would like to have this amendment: "*Resolved*, That this Association adopt the following stamp or paster: 'We answer only such inquiries as give the experience of the inquirer,' Adopted by the National Association of Credit Men."



GEORGE K. SMITH

Simonds Mfg. Co., Ltd., New Orleans, La.

Director

Mr. G. R. Barclay, St. Louis—I wish to say that while I realize the importance of making your comment on any inquiry you may receive, in making inquiries of any representative house it is not necessary to make them pay in advance; and if we say we expect your answer with your experience you will get it, and thereby save three or four days in the execution of the order.

Mr. Dickey—I would say that we merely endorse the stamp

suggesting that we would like to have information volunteered in replying to the inquiry. If the same house persists in neglecting to supply us with that information, we then may return an inquiry unanswered to impress upon it the importance of supplying us with information in the first instance.

Mr. August N. Ritz, Milwaukee—I do not think the resolution as offered is just as the gentleman intended to have it. He said unless you give your own experience you will not receive any in return. Suppose it is the first order and you have no experience to give the man.

Mr. E. W. Storey, Philadelphia—I suggest the addition of the word "if any" at the end of the amendment.

Mr. Clarence Braden, Louisville—It seems to me that a simple recommendation is all that is necessary. We can buy our own rubber stamps, and need not buy them from the Association. Nor need we buy a paster. It seems to me that a recommendation that the members use that rubber stamp would suffice.

Mr. E. M. Underwood, Portland—In this question of credit co-operation and on inquiries all that is needed is to use the Association blank, and to use it as it is intended. All you need do when you send an inquiry is to put on it your own experience and you will get the other man's experience back. (Great applause.)

I have received dozens of those blanks without a thing on the first page. Now, if credit men will but use that blank as it is intended to be used, they will get their information. In our city when I call up a man and ask for information on a point—and we do that continually—I tell him I have an order of such a size from a certain man, and ask his experience, and he turns to his ledger and reads it off to me. That is the way we do things in my part of the country, and all local associations can do the same way. All that is necessary is to use the Association blank in the method and spirit in which it was intended.

Mr. R. S. Witter, Toledo—I think Mr. Underwood's remarks are correct, but what about the inquiries we receive from men who are not members of the Association and who do not have the blanks to aid and direct them.

Mr. Witter's amendment was put and lost and so declared by the president.

President McAdow—The question is on the St. Joseph resolution as offered by the committee.

The motion to adopt the resolution was then put and carried without change.

Mr. A. H. Foote, St. Louis—In order that the recommendations of the committee may be constantly before our members I want to offer this resolution:

"Resolved, That the secretary of the National Association be instructed to have printed in large type on the back of the trade inquiry forms rules 1 to 5, given in the early part of the report and following paragraph commencing 'The exchange of credit information would be facilitated, etc.,' and that with these be printed a prefix explaining that they were adopted by this convention as a means of protecting members and for the purpose of encouraging reasonable and proper exchange of credit information and of overcoming the objection that the plan of interchange loads undue burdens upon credit grantors."

With these rules constantly before us much unnecessary annoyance will undoubtedly be avoided.

Mr. E. D. Flannery, New York—It seems to me that we are inclining to encumber the records of these proceedings with this resolution; and with the consent of the house and that of the mover and seconder of these resolutions, I move that this matter be referred to the committee to take charge of it. We have no time to discuss the resolution in all its bearings properly. There are several little questions involved that require attention, and the resolutions, no matter how good, if passed off-hand, may prove hurtful. Therefore, I move that this question be referred to the committee which has just made its report.

President McAdow—It is moved that the resolution offered by Mr. Foote be referred to the incoming Committee on Credit Co-operation.

Motion seconded and carried.

President McAdow—We will now receive the report of the Mercantile Agency Committee, Mr. C. C. Robertson, chairman, St. Louis, Missouri.

REPORT OF MERCANTILE AGENCY COMMITTEE.

To the Officers and Members of the National Association of Credit Men.

GENTLEMEN:

Your committee has this year used a different method of securing suggestions as to the betterment of the mercantile agency service. We felt sure that we could secure more valuable suggestions from the large users of reports throughout the country than through the old method of writing to the presidents, secretaries and chairmen of local committees. The result justified the effort as we have received many interesting letters containing requests that we feel should receive the careful attention of the agencies, as we considered them both feasible and desirable. These requests were therefore, in the main, incorporated in letters sent to R. G. Dun and Company and the Bradstreet Company, and their replies, which were delivered to the committee at a conference held in St. Louis, May 9th, will be found later in this report.

The committee will have to ask the indulgence of some members who have written them and placed before them some very interesting facts that for lack of space they are unable to touch on in this report. And we also wish sincerely to thank those who have so ably come to our assistance in our work, as we feel that only concerted and unanimous action can accomplish what we desire, for the agencies are only too ready to put forward the excuse for not complying with our requests that we are never unanimous in our wants.

As before stated, the most important points brought out by this body of credit experts throughout the country were the subjects of discussion by your committee with the representatives sent to the conference in May. We will not give in detail the letters sent to the agencies, but treat of the different points as they were brought out at this conference. A competent stenographer was present at the meeting, and all statements in this report are as transcribed by him at the time they were made.

At the conference held in St. Louis, the Bradstreet Company sent Robert M. Harding, general manager, New York; Edward S.

Strobhar, district manager, Philadelphia, and Louis T. Tune, district manager, St. Louis.

R. G. Dun and Company sent William T. Rolph, of Philadelphia, and G. B. Smith, of St. Louis.

The conference lasted all day, and every point was gone over most thoroughly and argued at length.

LEGIBILITY OF REPORTS.

There is almost universal complaint on this point from all over the country. While it is the custom of most credit men to return



C. C. ROBERTSON

Woodward & Tiernan Printing Co., St. Louis, Mo.
Chairman, Mercantile Agency Committee

to offices the reports that are in worst condition, yet the necessity of this delays and hampers them in their work. The condition of many reports indicates only too clearly that they are not read over with reasonable intelligence before being sent out. They often contain such ludicrous errors as should certainly be corrected and not allowed to leave the office. Instances of this are too numerous to be merely

accidents, but seem to come under what should be termed gross carelessness and not to be tolerated in any business office.

Bradstreet:

"All I can say to that is that we purpose furnishing legible reports. We are handicapped just as you gentlemen are in conducting your business. Our instructions are very positive that every report shall be examined before it leaves our office. We have an examiner in every office, and he has positive instructions to see that every report is in proper shape before it leaves the office. We have thousands of clerks whom we have to depend on, and they are just like clerks in any other line of business—they will make mistakes. If you will always return reports that are not legible to our office, addressing them to the superintendent they will be corrected immediately."

Dun:

"We do not believe that there is universal complaint on this, as each office of the agency is responsible for the work emanating from it, and each is working under general instructions from the home office in New York. One of our rules is that all reports must be carefully typed, and recently blue was standardized as the color to be used for all reports throughout the entire agency. It must be apparent that in depending upon hired help, you do not at all times have in your employ those who meet your requirements, and such is the case with us, because the element of fallibility will enter. With a system having high ideals in view our organization must needs become more and more efficient through the elimination of the least competent. Again, the demands made on us are not regular. Some days the office is deluged with large numbers of inquiries far beyond normal. It is impossible for us to engage extra help to meet this sudden and extra demand, and under these conditions typographical errors may occur, but to say that this is a general thing with us is a misstatement. It is our desire to send out work in a clean, workmanlike manner which will reflect credit upon ourselves. If subscribers receive at any time reports that are not legible, we should esteem it a favor if the subscriber would return such report to the local office of our firm, marking the envelope 'Personal,' and thus aid us in locating any delinquencies. In the event of this failing, the subscriber will confer a favor by sending the correspondence direct to New York and the trouble will be remedied immediately."

Both agencies, therefore, have expressed themselves as willing to correct any mistakes as to legibility that may occur in the reports, and they urge most strongly on all credit men to report at once to the office issuing reports any matters that are received in illegible form, and if attention is not given them to communicate at once with the offices of agency in New York.

INDICATION OF REASON FOR ASSIGNING NO RATING.

We would suggest an improvement in indicating the fact that

a new concern listed in a reference book was not sufficiently established to receive rating instead of leaving rating space blank.

Bradstreet:

"Ninety per cent. of new concerns are rated. The absence of the rating in the book does not mean that the firm has no rating.

"There are not half the blank ratings that there were five years ago. I do not think it practicable from our standpoint to change the method of handling this. If we were to indicate by some special marking just how the matter of getting rating on a firm stood, it would mean a lot of extra work all around, and an arbitrary time would have to be set in which to remove this special marking from the book. According to the present method we either rate the man or do not rate him by the time the next book is issued."

Dun:

"Never is a blank rating assigned because the concern is a new one; if a statement is rendered and confirmed and satisfactory antecedents obtained it is our practice to rate new concerns."

The committee thinks, in view of the above explanation regarding rating new concerns in the reference book, that the point it has made would better not be urged at this time.

RETAINING ENVELOPES CONTAINING SIGNED STATEMENTS.

In view of the advance made in prosecuting firms giving out false statements for the purpose of securing credit, it is imperative that the agencies make some provision for the retaining of envelopes containing signed or unsigned statements, and we would like assurance that such arrangement will be made in the future.

Bradstreet:

"Really, these envelopes would be of no use to you, for in most every case such statements are sent in plain envelopes or in our envelopes. Then, too, the man who opens the mail does not know what the nature of the correspondence in the envelopes may be. Besides, there is nothing on the envelope to show whom it is from, and unless the envelope shows this it is useless so far as the prosecution of the case is concerned."

Dun:

"This has been anticipated by an order from the executive office of the agency issued in February last, which instructed that statements received by mail shall be stamped on the date received and by whom received. Those received other than by mail shall be likewise dated and from whom and by whom received indicated, thus establishing both correctness and identification."

PROPER ARRANGEMENT OF MATTER IN REPORTS.

One of the most common complaints made throughout the country is that the matter in reports is so badly arranged that it is almost impossible to get the good out of it that is there, and a general and

earnest request is made that reports be paragraphed so that the different subjects can be separately considered.

Bradstreet:

"We are not apart on this question. We are not divided at all on it. We do in a great majority of reports give paragraphs. Our instructions are very positive that the first thing in the report should be the statement and so on. The instructions require that after giving the statement, a résumé of previous statements be given—that they be put up in the proper form. Trade opinions are required absolutely to be separate. You will find that Bradstreet reports in the last five years are much more complete with trade information.

"If you will put in your report at the convention the form you consider the most suitable, giving the headings, etc., we would be very glad to consider any such resolution. Give us something definite to work on."

Dun:

"This question has been discussed by us with your Association on many occasions in the past. Our reports are compiled and arranged according to a system developed by over sixty years experience in our work. Reports are compiled by us for use of subscribers in all kinds of business. They go to bankers, manufacturers, jobbers, and also to fire and life insurance companies, in fact, all enterprises in which a knowledge or some knowledge of parties with whom they are intending to do business is required. It is to meet the requirements of the various trades that reports are compiled as they are. While in each case the general facts in the main may be alike, no two concerns are identical any more than there are two faces identical, and to endeavor to make them so would largely destroy the value of our reports, as well as stultify the efforts of the reporter, who by the intelligent use of his brains is endeavoring to present the case as it exists. The reports in many cases are paragraphed and always so when necessity, as it seems to us, calls for it.

"This is an era of standardization, but our business is so peculiar to itself that past efforts to adopt a fixed system have only resulted in failure and hence we follow along the lines of experience."

The committee considers this point of great importance. The National Association has several times tried to induce the agencies to put the matter used in reports in some concrete form that will make it clear to the credit man just where each point is to be found.

There was probably more general request throughout the country for an improvement in this direction than in any other, and in laying this matter before the agencies we did not do so in any "cut and dried" form, such as has been proposed before, which would not be practicable to one-third of the reports issued from the general offices. We, however, feel certain that the proposal which we intend to make in the resolution appended to this report is both practicable and necessary. If the agencies are really in earnest in their statement that they are willing to make changes suggested by the National Association, provided these changes are practicable, we

cannot see how they can refuse the request that we make, and we urge most strongly the passing of the resolution.

It does not strike the committee that an argument based solely upon an experience of sixty years in a mercantile agency has very much bearing on conditions as they exist to-day. We feel that this is an era of progress, and we are of the opinion that the agencies have not made the progress in this direction that is possible.

TABULATING STATEMENTS.

This is a point partially covered by the foregoing request. Very often the statement is run into the reading matter of the report, item following item in the same line. It seems to us that this could be readily corrected by a careful proof reading of reports.

Bradstreet:

"We do not give details with a statement when that statement is an old one. We would be severely criticised if we put into a report a statement in detail that was two years old. In other words, we tabulate statements always, unless they are of old date. We have understood that this is desirable. The reporter hands his reports over to the stenographer, who is supposed to tabulate where tabulating is necessary. We do the best we can in every instance. When we cannot get a detailed statement or unsigned statement, we get all the information we can out of a merchant in a conversational way. If these off-hand remarks were put into a statement the man would claim he never committed himself to that extent and would refuse to sign."

Dun:

"This is mainly covered under the head of the previous section under 'Proper Arrangement of Matter in Reports,' and the rule of our agency is that all statements which it is possible to tabulate shall be so written. Any dereliction in this should be called to the attention of the local manager. We might add that no system of arranging reports will suit every subscriber to an agency. Complaints reach us that reports contain too much to arrive quickly at a decision. Others complain that reports do not go enough into detail and the best that the agency can do is to give a fair representation of the facts and arrange these in the best possible way as taught by experience."

The Bradstreet Company further stated that it was making particular efforts to procure from all merchants statements of sales and expenses. It declared that it found this last item rather hard to get from a great many merchants, but that every effort was being made to improve reports in this direction.

FURNISHING SUBSCRIBERS WITH BLANKS FOR REPORTING UNFAVORABLE EXPERIENCE WITH CERTAIN CUSTOMERS.

We think if some such system were inaugurated by the agencies, they would receive much more information than is possible at present, simply relying as they do on subscribers to write them in regard to each case. In this connection we would suggest that in case complaint of unjust deduction of discount and kindred deductions be made by two or more subscribers on the same party the credit rating be reduced.

Bradstreet:

"Will you draw up a form and send it to us? We see your point. We would prefer to have this information on a little ticket instead of a letter which but makes two operations for us."

Dun:

"This suggestion was made to us several years ago, and after consideration by us was put in practice in two ways. First, each inquiry ticket had printed upon the back of it suggestions asking subscribers to give their experience or information when making the inquiry. Of course, in a number of these cases it was the first inquiry but in a considerable number the subscriber had had previous experience with the party he was inquiring about. A careful record was kept of those who availed themselves of this system, with the result that not more than one in five thousand tickets received contained any information, and the plan was abandoned. Another plan adopted was to print and bind in our reference books slips that could be detached and sent to us, containing printed headings covering the experience of subscribers, with a space for additional remarks. This also failed and our experience now is that when subscribers have had unfavorable experiences with customers they, the subscribers, prefer to dictate a letter covering the case and thus specifically state through this letter their experience. The agency receives daily voluntary information from subscribers and encourages this, esteeming it a mark of confidence to be made the recipient of such information. On the floor of the convention of your Association, held in Philadelphia in 1909, a party representing a prominent Pittsburgh house spoke on this same question and said in effect that credit men would greatly facilitate and supplement the work of the agencies if they would co-operate with their local offices by furnishing information voluntarily, such as on slowness in payment, etc., and added that on request he received blanks from the agency of R. G. Dun and Company for such purposes on which he from time to time furnished information to the Pittsburgh office. This suggestion has merit, and trade report blanks will be furnished by any local office on request."

This request of the agencies was formulated with a distinct desire to co-operate with them and help them improve their service, by giving them information that would tend to alter their ratings in the reference books when firms did not deserve the rating given them. We think that it is the experience of most credit men that if they had at hand a small ticket or blank on which they could report to the agencies unfavorable information they would be more likely to do so than if forced to dictate a letter each time this information was to be given.

We are offering a resolution on this point which will possibly cover the emergency and if passed we urge most strongly on our members the use of such blanks and hearty co-operation with the agencies in this matter of reporting unfavorable information. We certainly feel that only in this way can we improve the service of the agencies in the respect of the ratings carried by firms in the reference books. We have all along urged co-operation among ourselves, and it seems to us that now is the time for us to use co-operation with the mercantile agencies, which are really a most valuable adjunct to the credit department.

THIN QUALITY OF PAPER.

We are aware that this subject has often been brought to the agencies' attention, but it was too conspicuous a point in the complaints that have reached us to be ignored by this committee. This thinness of paper makes it *most* difficult to read the reports you furnish, and we are quite sure a better quality of paper could be secured for this purpose.

Bradstreet:

"We are giving the paper subject earnest consideration. We find the demand that we use thin paper is not as extensive as



WM. G. WALKER

Austin-Walker Co., Boston, Mass.

Director

the demand for heavier paper, and we are now trying to hit upon a paper of just the proper description, a weight that can be used without materially increasing the cost to the subscriber."

ST. LOUIS AND CHICAGO SITUATION *in re* PINK SLIPS.

Upon searching investigation we find that in St. Louis and Chicago subscribers are charged for a certain amount of pink or additional slips.

We wish to know why this is and if it is the intention to abolish this discrimination?

Dun:

"This question is a purely local one and can be referred to the St. Louis manager and the subscribers to his office for understanding and decision."

The St. Louis manager, in answer to this inquiry, said that pink slips, as far as he knew, were charged for in Chicago and St. Louis. After reviewing the large territory covered by the St. Louis office he made the following statement:

"You can imagine how much work it means to us in numbering reports, and continuing information about certain concerns to the customer. We kept up this information free of charge, until we found we were losing money, by reason of the vast amount of additional work required. We finally came to the conclusion that if the information were worth anything, the customer would, at least, be willing to pay thirty cents for the service on each firm.

"The slip used says on it, 'If not interested return the slip so the charge can be cancelled.' If he is not interested we don't want to send a man any more pink slips, but if slips are not returned we continue the reports. I would say that there are not 20 per cent. of the pink slips charged for. This assists us greatly also in cleaning up our records. A great many ignore the printed instructions on the pink slip."

After considerable questioning as to why St. Louis and Chicago should be charged for this service and none of the large eastern cities charged the manager stated that conditions are such that they have to charge for the service in St. Louis, even if the other cities get it free. He said:

"We do not know anything about what they are able to do or what they are not able to do in other cities."

The committee inquired if the policy in this regard should not come from the New York office and thus be uniform, as they understood that when New York employed a manager they gave him general orders.

Dun replied:

"The New York office expects a manager to run his business according to his environment. We have found here it is a losing game to furnish the pink slips without charge. We have found that we have been swamped with this business before we commenced to make a charge. We have also found that it is the only method that enables us to clear our records."

On being asked if there was anything in the contract indicating that these slips should be charged for, R. G. Dun's representative stated:

"No, but it is printed plainly on the slips that they will be charged for if not returned."

We have given this point considerable prominence for the reason that there has been a general complaint in St. Louis in regard to this charge by people who do not wish to discontinue the use of the Dun's

agency, but at the same time do not feel that in view of the promise made to them when the daily sheet was withdrawn that they would be allowed to list a certain number of names, and be informed if there was any change of rating in the firms whose names they listed. It develops now that instead of getting this service free, each item of information furnished is charged for by the Dun agency, at the same price that an original report is charged. This, under certain circumstances, works a considerable injustice to the subscriber. Probably it is a little out of place for the committee of the National Association to inject a local issue such as this in a report made to the National convention, but we felt that it would have more effect this way than in taking it up as a local issue, especially when we found that Chicago was in the same difficulty as St. Louis.

EXCHANGE OF TRADE EXPERIENCE.

It is thought by many that if the agencies established the custom of giving free to each contributor of trade information on a report a copy of the trade experience gathered that there would be more and better trade experience given to the agencies.

Bradstreet:

"We have that question up every little while. It is hardly feasible to do this, for it would hurt the agency. The commercial agencies are making a living by serving you, by doing the work for you. We are selling the privilege of our service to you."

Dun:

"On the surface the giving of a copy of a trade report to each contributor of such information would seem to be a small matter. Do you quite realize the expense attached to obtaining this class of information? No less on an average than a dozen houses are interviewed in every trade investigation made. When this is done by mail entirely, the cost of postage alone is four cents in each case consulted, irrespective of stationery and clerk hire. In cases where the collecting of information is by the local reporters the expense is much greater. Under the suggestion made by your committee any house furnishing information would be entitled to a copy of trade information, whether or not it were a subscriber to the agency, thus loading an expense on the agency with no monetary return. You can readily see this would curtail the revenue of the agency and necessitate an increase in the subscription rates."

The committee on full discussion of this point with the mercantile agencies gives as its opinion that this suggestion is not feasible. It would impose upon the agencies a great deal of work for which they would receive no remuneration, and credit men who are expecting the best service from the agencies should not hesitate at all times to furnish them with full and complete references as asked. We hardly think that any one refusing to do this is doing justice to his firm or to an agency, and we respectfully request that the credit men bear this in mind and do all that they can to co-operate with the agencies in this important matter of trade references. In this regard a member of the committee says:

"Referring to the service rendered by the agencies, I am of the opinion, as one who has been connected with them for years, and has been on both sides of the fence, as you might say, that a great deal of this trouble lies with the credit men themselves. They do not act in conjunction with the agencies, often withholding important ledger information from them that would place the agencies in a position to obtain positive knowledge that would be of great benefit not only to themselves but to others. I do not claim that the agency system is perfect; it is far from that, but I do feel that with more co-operation between the credit men and the agencies the service would be greatly improved."

We wish to call attention to the fact that several requests were made of the agencies as to including certain items in their property statement blanks and in trade reference blanks. We find that the Bradstreet Company has complied with these points as asked and has furnished this committee with their new blanks, incorporating in them the points requested by the former committee.

Among many valuable suggestions received from firms all over the country was the following, which, if applied, we believe would certainly result in an improvement very much to be desired:

"I believe that a better service could be obtained from the agencies if every business house were to demand that a financial statement should be given to the agencies at least once a year, and this can be done if the point is brought fairly before a customer, either old or new, by telling him his credit is restricted by want of the figures on his own books. As a rule, the small country merchant is willing to give such figures if he knows it is essential to his credit standing in the community where he buys. It benefits both agency and credit man when we write a customer that we do not find his last inventory on file with Dun and Bradstreet, and usually the figures are forthcoming."

Last year's committee introduced a resolution, urging members to use slips to be sent back to the agencies, calling attention to the omission in reports of signed statements or insurance details. A supply of these slips was furnished by the National Association, and distribution urged upon the local offices. We find, however, that this scheme does not seem to have appealed to the members for their use has not been nearly so general as was hoped. The result, so far as they have been concerned, has been nil. The agencies both have said they have seen very few of these slips in any part of the country, but that they would receive attention and no charge would be made for the additional information if it were found that it had been omitted entirely by them from original report.

In conclusion your committee presents the following resolutions for your consideration:

I.

"WHEREAS, Both the Dun and Bradstreet agencies have expressed themselves ready to furnish their subscribers with neat and legible reports but maintain that the help of credit men is essential to progress in this particular, be it

"Resolved, That the National Association of Credit Men urges upon its members that all reports furnished by the agencies in illegible form or that contain errors in figures or wording, be returned at once to the agency for correction as set out in the body of this report."

II.

"WHEREAS, It is greatly to the interest of both credit men and the agencies that there be as cordial co-operation between them as possible, therefore, be it

"Resolved, That the National Association of Credit Men urges the Bradstreet Company and Dun and Company to furnish to all subscribers proper blanks upon which the latter may report unfavorable experiences with customers and for this purpose the following form or one somewhat similar is suggested:

<p>R. G. DUN & COMPANY</p> <p>OR</p> <p>THE BRADSTREET COMPANY</p> <p>Name_____</p> <p>Length Time Dealt With_____</p> <p>Terms_____</p> <p>Paid_____</p> <p>Remarks_____</p> <p>_____</p> <p>_____</p>

III.

"WHEREAS, Dun & Company and the Bradstreet Company have again expressed their willingness to meet our wishes for reasonable improvement in their service, and

"WHEREAS, There has been a general request made that the agencies tabulate all financial statements whether signed or not, therefore, be it

"Resolved, That the National Association of Credit Men emphasize the request that Dun & Company and the Bradstreet Company issue the necessary orders to have all statements appearing in their reports tabulated—and also be it

"Resolved, That the secretary be instructed to send a copy of these resolutions to the agencies with the request that they be complied with as promptly as possible."

IV.

"WHEREAS, Dun and Bradstreet have at all times expressed their willingness to accede to any reasonable request emanating from the National Association of Credit Men, and

"WHEREAS, It is the sense of this convention that agency reports would be far more acceptable if properly paragraphed, therefore, be it

"Resolved, That the National Association of Credit Men present to the Bradstreet Company and Dun & Company the following outline to be followed in formulating reports and request that it be followed so far as possible in future report making:

"Sub-headings to be used as often as practicable:

ANTECEDENTS
RESOURCES
SUMMARY
PAYING RECORD

and be it further,

"Resolved, That the secretary be instructed to send a copy of these resolutions to the Bradstreet Company and Dun & Company for their information and direction."

Respectfully submitted,

JAS. MCQUEENY,
E. D. PLUMMER,
C. W. HUGHES,
W. H. GRIMES,
CHAS. C. ROBERTSON, *Chairman.*

President McAdow—The report of the committee is before you. Mr. Robertson will have the floor.

Mr. Robertson—I would like to move the adoption of the report, but not wanting to cut off any discussion on the resolutions, I move the adoption of the report and the first resolution.

Mr. Robertson's motion was duly second and carried.

The adoption of Resolution No. 2 was then moved and unanimously carried.

Mr. Robertson—I now move the adoption of Resolution No. 3.

Motion seconded.

Mr. E. W. Storey, Philadelphia—I have just a suggestion that I intended to bring in later on the report of the Business Literature Committee. I have in my hand the property statement blank endorsed by our Association, and I want to call attention to the fact that in arranging what is called active business assets a logical arrangement is not followed; that is, they are not arranged in proper order of liquidation.

We have, first, the value of merchandise on hand, at cost; then notes and accounts, cash value; then cash in hand and cash in bank; fixtures, machinery, horses and wagons. A more scientific arrangement of these assets would be in this form:

Cash in hand
Cash in bank
Notes and accounts, cash value
Value of merchandise, at cost
Fixtures, machinery, horses and wagons

It may seem only a trivial point, but a credit man can most quickly analyze a statement if handed to him in proper form. If the statements are not uniform it takes just that much more time to look them over.

President McAdow—This is not germane to the resolution.

Mr. Storey—I will make it so. The resolution as presented reads: "*Resolved*, That the National Association of Credit Men emphasize the request that R. G. Dun and Bradstreet issue the necessary orders to have all statements appearing in reports tabulated." What I have said bears on the tabulation of the reports. I am pointing out what I believe all will admit is a proper sequence in reports.

Mr. August N. Ritz, Milwaukee—I rise to a point of order. The subject matter has no reference to the Dun and Bradstreet agencies.

President McAdow—The point of order is well taken, because the



J. W. SPANGLER

Seattle National Bank, Seattle, Wash.

Director

statement Mr. Storey is presenting will come under the head of another committee which takes up our own blanks and not to the Dun-Bradstreet forms. The question is on the motion to adopt Resolution No. 3.

Unanimously carried.

Mr. Robertson then moved the adoption of the fourth resolution offered by his committee, duly seconded.

Mr. Robertson—I wish to say that this is probably the most important point in our report; the latter part of the resolution instructing the

secretary to send a copy of these resolutions is added because so much time elapses between one committee's efforts and its successor's.

President McAdow—The question is on the motion to adopt Resolution No. 4. Motion unanimously carried.

Mr. E. D. Flannery, New York—I move that the suggestion of Mr. Storey, of Philadelphia, be referred to the incoming committee on mercantile agencies for further consideration.

Motion seconded.

President McAdow—Mr. Flannery moves the reference of Mr. Storey's suggestion to the incoming committee on mercantile agency service.

Mr. Charles Reynolds, New Orleans—As I understand it, Mr. Storey's suggestion does not apply to the mercantile agencies at all. It simply applies to the form of property statement prepared and published by the National office.

Mr. Storey—Mr. Reynolds is mistaken, for my suggestion applies to the Dun and Bradstreet reports also.

Mr. E. D. Plummer, St. Joseph—I am on the committee in question and it had considerable work trying to get the mercantile agencies even to consider any general form. I am sure the agencies will turn down any suggestion as to a specific form which any committee might suggest, saying they are capable of managing their own affairs. We shall do better if we try to get the agencies to consider a general outline rather than request them to consider any specific form.

President McAdow—The question is on Mr. Flannery's motion.

Mr. Flannery's motion was put.

President McAdow—The votes seem to have it; the motion is lost.

Mr. J. E. Stilz, Indianapolis—I have a few little matters which I would like to ask of the chairman. It has been my experience that in the majority of agency reports that come before us, the first words that meet us are these: "Our request of such and such a date for statement remains unanswered." Now, I would like to ask the committee if they have ever taken up with the commercial agencies the manner in which requests for statements are made, whether by resident agents residing or through the mails? Before discussing the matter any further I will await the answer of the committee.

Mr. Robertson—The agencies state that it all depends on the size of the city and the character of the men who get the statements.

Mr. Stilz—The important point in that connection to my mind is this: If a representative of the agency makes a personal request of a merchant for a statement, and he declines to give it, the agency, of course, has gone as far as it can go, and must gather its information from outside sources. We do not, as a general rule, think as favorably of the merchant who declines to make a statement as of one who willingly makes such statement; but we know that the average merchant pays little attention to a request of this sort coming by mail, and if his failure to make the statement is due merely to the fact that he has neglected to answer the correspondence rather than his absolute declination to make a statement, it does not look quite so bad.

The local representative in our market of the Dun agency has stated to me that they do not want their local representatives, especially in small towns, to make personal requests of merchants for property statements, because if it should happen that the statement is not favorable and the local merchant does not obtain a rating and his credit is possibly impaired, he will at once blame the resident

agent; in a small town that creates bad feeling; and they say they do not want their resident agents to make personal requests. Perhaps the point may be well taken; I do not admit that it is; but I am not disputing it; I am not an agency man; but it seems to me it does not have very much weight. It is my view that wherever an agency has a resident agent, he should be required to make a personal request for statement, and if the merchant declines to give it, the report should show that he has absolutely declined to make a statement; or, if a statement is solicited by mail and no answer received, that should be shown in the report. The result of this would be that a credit man in reading a report will know whether or not the man definitely declined to make a statement or simply failed to answer a letter.

Mr. Robertson—The agencies state that they do make personal appeal for the statements whenever possible; that is the only answer we could get from the Dun Company.

Q. Is it your view that the committee has gone as far as possible in that line?

A. Yes, we went over the matter thoroughly with the Dun Company.

Q. Has there been any uniform movement on the part of the Dun Company to raise rates throughout the country? They are doing so in our market.

A. The Dun agency, as far as I can judge, is governed entirely by the local offices in most respects. The managers in the different cities seem to be allowed to raise the rates about as they wish.

Mr. Max Silberberg, Cincinnati—I have a resolution to offer with reference to the report of the Mercantile Agencies Committee. The resolutions that have been offered by the committee have been thoroughly discussed, but it seems to me a very important matter has been overlooked; and the resolution that I shall now offer touches that point:

"WHEREAS, At the last annual convention of the Association, assembled at New Orleans, the committee of that year recommended that agencies omit from their statement forms given individual merchants and partnerships to sign, the words 'merchandise in transit,' or else, if these words do appear in the asset column, the corresponding amount thereof shall also be made to appear on the liability column, and

"WHEREAS, The agencies have failed to comply with this recommendation, therefore, be it

"Resolved, That it is the sense of this convention that the mercantile agencies be again requested to use their best efforts to bring about this important change."

I move the adoption of this resolution.

Mr. E. D. Flannery, New York—I move that this resolution be referred to the incoming Committee on Mercantile Agency Service.

Seconded.

Mr. Robertson—I do not think Mr. Flannery's motion is wise. From now until next October, before the next committee is appointed, is a long period. This recommendation was not referred to last year's committee by the convention. That is the reason it was not touched on in the report. If it was so referred in New Orleans it ought to have come to us.

Mr. Silberberg—I have inquired of the last year's committee

chairman and he informed me that he offered it and it was passed. I also requested our secretary to give me information as to whether it was passed or not; and he said if it is not passed I shall inform you, and not having informed me, I concluded that it had been passed.

President McAdow—The question is on Mr. Flannery's motion.

Mr. Silberberg—This is a very important resolution, I think it ought to be acted upon immediately. Last week I received four property statements, and each and every one of them contained merchandise on hand and merchandise in transit. What does that mean—Merchandise in transit? For argument's sake I will say that the person had \$5,000 in merchandise on hand and \$5,000 coming. That makes \$10,000. He makes the statement that his assets are \$10,000. Now comes the liabilities: He does not include the merchandise in transit in his liabilities. Is not that misleading? Why, certainly it is. So that the sooner you remedy this evil the better. (Applause.)

Mr. Flannery's motion was lost.

President McAdow—The question is upon the adoption of Mr. Silberberg's resolution.

The motion was put to a vote.

President McAdow—The motion is carried and the resolution adopted.

President McAdow—You will now receive the report of the Business Literature Committee, by Mr. F. P. Crane, Newark, N. J.

REPORT OF BUSINESS LITERATURE COMMITTEE.

To the Officers and Members of the National Association of Credit Men.

GENTLEMEN:

It is important that that through which the Association for the most part keeps in touch with its members and is known to the outside world should give the best possible impression of the Association and its activities. The business literature committee has therefore endeavored to act up to its responsibilities, knowing that in its hands rests to no little extent the prosperity and success of our movement. We believe none will oppose us when we say that the literature of the National Association of Credit Men has always been on a dignified and worthy basis.

We intend to make only a brief statement of our efforts during the year but it will be sufficient to impress all, we believe, with the importance of our publications and to give a true realization of the wide scope of the efforts exerted in this branch of our work.

The BULLETIN stands foremost in our literature. It is now no longer simply a medium for recording associational matters. It has become a great educational and inspirational periodical in the credit man's special department of effort. If habitually read, it is certain to give a credit grantor a broader idea of his duties and make him a more efficient worker. We doubt if it would be possible to point to a publication which is so great a factor as the BULLETIN in giving a sense of common interest among right-minded business men. It puts before its great membership in countless ways the necessity of co-operative effort in bringing about certain highly important results. The circulation has now reached 15,500 copies monthly, distribution being made to members, subscribers and exchanges. The BULLETIN is also used in prospective membership work, where it has proved most valuable.

During the year 173,700 copies of the BULLETIN have been printed and distributed. These figures show an increased circulation over the previous year of 17,950 copies, and over the year 1908-1909 of 34,700 copies. As the Secretary-Treasurer has covered in his report the cost of publishing the BULLETIN, it is unnecessary to repeat the figures here.

In compliance with a resolution adopted at last year's convention, the National office has set aside enough extra BULLETINS each month of 1911 to furnish secretaries of local associations with bound, indexed copies of the 1911 BULLETINS. In order to carry out the spirit back of this resolution and make it, so to speak, retroactive, the National office early in 1911 notified local secretaries that it would bind free of charge their files of the 1910 issues. Only one secretary, however, had enough enthusiasm to avail himself of this offer.

The plan of the committee which preceded us, to issue "first-of-the-month general letters" proved so much appreciated that your committee has continued their issue. Two such letters are written, one to individual members with whom it is desirable that we keep in as close touch as possible, the other to officers of local associations who as a general thing pass the main points in these letters along to their members through local leaflets or in regular meetings. These letters serve to emphasize the more important matters and to circulate information which is more or less confidential in nature. Particularly in the case of individual members, this general letter is shown to be important from the fact that it inspires a large correspondence between individual members and the National office.

The Credit Man's Diary for 1911 was brought out just before the end of last year greatly enlarged and improved as compared with previous issues. It is clear to anyone who has studied this Diary that it has an unlimited field of usefulness to the credit grantor. While your committee makes no pretence at being expert compilers, we believe no one will dispute that the Diary is yearly becoming a better book and that it is a worthy product of our organization. The Diary well deserves the support of the entire membership. We wish officers of all local associations would each year do all in their power to get their members to place this important book on their reference shelves. Not only will every credit man who owns this book find it most convenient, but he will be a better member of the Association because of its daily presence.

Among the special pieces of literature issued during the year have been:

1. "Value Received," by Guy P. Miller, Bridgeport, Conn.
2. "The Significance of Our Fire Waste," by Franklin H. Wentworth, secretary of the National Fire Protection Association.
3. "Should Terms of Payment be Enforced?" by W. L. Brownell, Ampere, N. J.
4. "The Interchange Bureau by One Who Knows Its Possibilities and Limitations," by H. E. Smith, Columbus, Ohio.
5. "Unethical Practices in Bankruptcy," by Julius Henry Cohen, New York, N. Y.
6. "Guide Posts to Successful Credit Granting," from the pen of Saunders Norvell, St. Louis, Mo.

All of the above have had a very large distribution and deservedly so, because they are all powerful documents in their special fields.

As soon as possible after the amendatory bankruptcy bill, passed at the instance of this Association, had received the signature of President Taft, the Association prepared in pamphlet form the

bankruptcy law complete with index. This was sold at a price which netted the treasury a fair revenue.

You will recall that at the last convention there was considerable discussion upon the subject of cancelations and returns, than which there are no more difficult abuses to handle in many lines of trade. The discussion ended in the adoption of a resolution calling upon this committee to study the question with a view to issuing a leaflet protesting against the evil. Your committee in beginning this work invited expressions from a large number of members and associations whom we knew had given consideration to the cancelation evil, and the thoughtfulness of the replies received indicated how general is the concern of business men in this matter. The more the subject was studied, the greater the diffidence of the committee in preparing a leaflet on this theme, and we trust if our attempt seems unsuccessful you will bear in mind that the problem is intricate. Purely on grounds of principle, the evil calls for bold treatment, but in practice we concluded no one would stand for anything stronger than an appeal for a spirit of reasonableness. Our report is written too soon after the publication of this leaflet, to which we gave the title "Sermonette for the Business Man," to get a line on the feeling of the membership towards it.

Another work which the committee brought to a close this year just before this convention convened was the manuscript for a booklet to take the place of "Is it Worth the Dues?" our principal prospective leaflet. This will be turned over to the incoming committee complete and ready for the printer.

It is impossible for your committee to superintend in any proper sense the publicity efforts of local associations. We wish we might have aided more in this important work, for the success of an association will almost always be found to be in close ratio to the attention given the publicity department. We have not ceased during the year to urge this thought, and we believe with some success, for local associations are not only paying more attention than in the past to the issue of telling literature, but are learning the importance of putting before the people in the public print fuller and more entertainingly written accounts of their work and of plans they are formulating. In the matter of local association bulletins, a large number of the associations publish monthly leaflets, and one at least has gone beyond this and undertaken the issue of a weekly letter to its members because it was found that the local monthly bulletin meant too long a period in which members would be out of touch with the activities of the association.

So excellent have some of the articles and paragraphs appearing in these local leaflets been, that the National office selected many which it felt all members should have the chance to read and so has had them printed in the National BULLETIN.

A work which was barely touched upon by the Business Literature Committee of last year we have tried to continue and make more of this year. We refer to the effort to interest the public libraries of our cities in credit men's literature to the extent of devoting one or more shelves to those special books on business and economics in which credit men should be interested, and this work has not been without results. In this connection we take pleasure in calling attention to the special work in this department carried on by one association, where several members, together with the head

of the public library, got together in a number of meetings and determined upon a splendid list of books, pamphlets and magazines, which were placed in their special alcove in the library, and were given their own catalogue which was put into the hands of all members who were urged to pass the catalogue along to their junior clerks. We endeavored to carry on a similar work and received the most cordial co-operation from the head of the Newark Public Library. Our experience in this work has been that librarians will as a rule appreciate such interest on the part of representative business men and will go out of their way to make a success of such a plan as we



F. P. CRANE

Whitehead & Hoag Co., Newark, N. J.
Chairman, Business Literature Committee

have outlined. The endeavor is to be made in the Portland and Newark associations to keep this special library privilege constantly before the credit men with the request that they call the attention of their fellow workers in their offices to the opportunity offered to enlarge their horizon.

The committee has gathered from several sources lists of books on credit topics which it is going to turn over to its successors, with the recommendation that the lists be gone over for the purpose

largely of reducing them to a list of reasonable compass through the elimination of works too technical and scientific. We believe such a list will be greatly appreciated by a large number of our members.

In conclusion we offer the following resolutions:

I.

"Resolved, That this convention expresses its sincere appreciation to those who have so ably contributed during the year to the success of the Association's several publications and especially thanks local association committees for the efforts they have made to call public attention to our work."

II.

"Resolved, That the work of certain of our local association committees to secure the co-operation of their public libraries in encouraging the wider reading of business literature, receives the hearty approval of this convention and the incoming committee is urged to pursue this line of work earnestly."

Respectfully submitted,

WM. E. CAIN,
L. A. KEMPF,
H. E. LITTELL,
IRVING C. BROWN,
F. P. CRANE, *Chairman.*

President McAdow—The report of the Business Literature Committee with resolutions is before you and Mr. Crane will have the floor.

On separate motions the report and both resolutions of the committee were then adopted.

Mr. L. B. Smith, Portland—I have a resolution I would like to offer on this subject. In Portland we have been very successful in bringing the National BULLETIN to the notice of business men generally in addition to the notice of our members, and we have also brought the BULLETIN to public notice by placing it in the public library. Therefore I desire to offer the following resolution:

"WHEREAS, The Monthly BULLETIN of the National Association of Credit Men is a recognized text-book on many business subjects, and of utmost value to business men in general, be it

"Resolved, That the officers of each of the local associations purchase and present to public libraries situated in the various association cities annually a bound copy of the National BULLETIN."

I move the adoption of the resolution.

Seconded.

Mr. M. S. Green, Chicago—I suggest that inasmuch as local secretaries are busy men it would have a better effect if the National Secretary had a list of the libraries in question and furnish them copies regularly.

Mr. Meek—There are nine hundred such libraries in the United States.

Motion carried.

Mr. Smith, Portland—In Mr. Crane's report attention was called to the fact that a list of books had been prepared by a local association. I presume it is proper to mention that that list was prepared by the Portland association. We went to a great deal of trouble and pains to get

a collection of business books of interest to every credit man. I have fifty or a hundred copies of that list and you can get a copy by sending me your name and address.

Mr. E. W. Storey, Philadelphia—I repeat the suggestion I made before. I think the signed property statement should be revised and retained so that not only the assets but the liabilities will appear in proper form. There are several other changes that are advisable and I make the suggestion that either the present or incoming committee on business literature take up our present form and have it revised, so that it can be used universally. I know from personal inquiry that it has not been so used; and, too, concerns adopt forms of their own. It would be much more desirable if we had a suitable form prepared by the National Association for our use.

The program for the morning having been completed President McAdow declared a recess would be taken to 2.30 o'clock P. M.

SECOND DAY

Wednesday, June 14, 1911.

AFTERNOON SESSION.

The afternoon session was called to order by President McAdow at 2.30 o'clock P. M., and the report of the Investigation and Prosecution Committee, by Mr. D. L. Sawyer, of Milwaukee, Wisconsin, was named as the first order of business.

REPORT OF INVESTIGATION AND PROSECUTION COMMITTEE.

To the Officers and Members of the National Association of Credit Men.

GENTLEMEN:

The question of organizing a National Prosecution Bureau has definitely been under consideration for two years, during which time your committee has endeavored to give all its phases patient and thorough study.

In the early years of the Association a movement against commercial fraud was started and has continued until now with more or less success. There is, in our opinion, an opportunity at this time to unite the scattered efforts of the Association and bring to bear a powerful force for the prosecution of fraud, giving commerce that increasing protection against commercial piracy which none will deny should be established.

During recent years there has been a persistent and increasing demand throughout the states for the betterment of the laws regulating commercial transactions, and a healthier sentiment has been created on the part of those charged with administering the law, especially when there is evidence of fraud. As general signs of the times there are also to be noted the special activities during the past year of the Department of Justice and the Post Office authorities against bucket-shop business and the fraudulent use of the mails; and the activities of the Protective Department of the American Bankers' Association, now indispensable to the members of that organization in running down forgers and other swindlers to whose depredations bankers and their customers are exposed.

For inspiring and directing the warfare against commercial fraud the National Association of Credit Men is the logical national force. Work of this character, if it is to be made effective, cannot be restricted by local boundaries, and the scattering of interests must not prove an obstacle to prosecuting cases as they arise. To carry on the work, the Association ought to be able to secure, without difficulty, the necessary financial support.

The time was never more opportune than now for the launching of a country-wide movement, because:

FIRST: THE NATIONAL BANKRUPTCY LAW PROVIDES THE MOST POWERFUL WEAPON EVER CREATED THROUGH WHICH TO REACH DISHONEST DEBTORS.

SECOND: MANY OF THE MORE IMPORTANT COMMERCIAL STATES HAVE EITHER AMENDED OR ENTIRELY RECONSTRUCTED THEIR LAWS BEARING UPON COMMERCIAL FRAUD.

THIRD: BOTH FEDERAL AND STATE OFFICERS HAVE BEEN BROUGHT TO REALIZE THAT OUR ORGANIZATION WILL NOT PERMIT ITS INFLUENCE TO BE USED FOR THE PURPOSE OF FORCING SETTLEMENTS.

FOURTH: PUBLIC SENTIMENT NO LONGER EXCUSES DISHONESTY IN BUSINESS, NOR CONDONES IT AS MERELY "SHARP" PRACTICE.

FIFTH: THE DEVELOPMENT OF THE LOCAL ADJUSTMENT BUREAU FURNISHES A MEDIUM THROUGH WHICH SEARCHING EXAMINATIONS CAN BE CONDUCTED.

In this report it is not the intention of the committee to convey the impression that fraud is rampant throughout the country. On the contrary, it is our opinion that the ethics and morale of business are on a higher plane than ever before; but your committee recognizes that there is a large enough percentage of tainted failures to warrant undertaking the work of prosecution and prevention in the only way that it can be made effective.

As a rule, debtors contemplating fraud are keen enough to realize the advantage of carefully selecting their victims, especially that the burden will not fall too heavily upon any one individual or any single community, thus practically insuring their escape from prosecution. A bureau, national in its scope, will enable a Maine creditor to co-operate with a California creditor in running down the common offender.

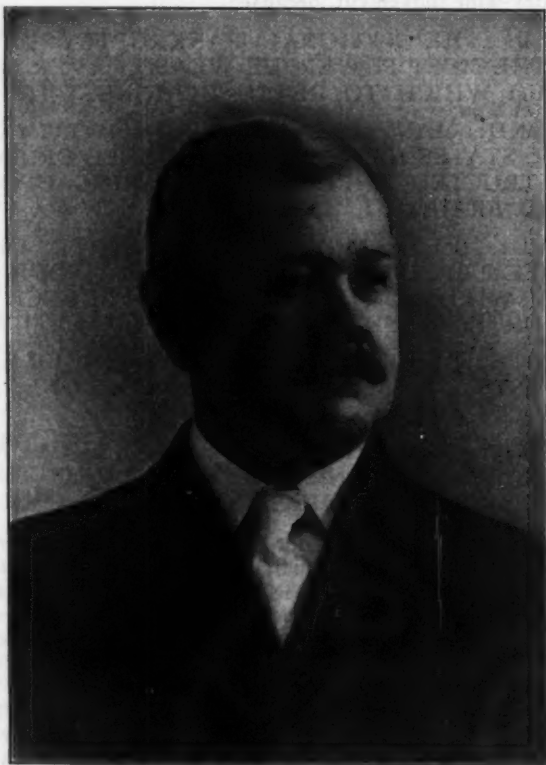
Fraud is encouraged by careless business methods, and it is fair to presume that the conditions upon which it will be necessary to make the use of the bureau depend, will result in more care being exercised in the handling of credits, and the bureau will thus prove of great value as a preventive of fraud.

Business men guard against loss through fire, dishonesty, accident and other disturbing elements by buying protection in the form of insurance. Can it be reasonably contended that they should not guard themselves against the depredations of fraudulent debtors by the payment of an almost negligible premium? By supporting a prosecu-

tion bureau they will in effect be buying protection, and further safeguarding their interests.

There undoubtedly exists a considerable sentiment in favor of establishing such a bureau. This is the time and opportunity to crystallize it. Your committee believes that favorable action is both logical and expedient.

The bureau would be ineffective from the start unless all complaints were accompanied by a reasonable amount of evidence. To



D. L. SAWYER

F. Mayer Boot & Shoe Co., Milwaukee, Wis.
Chairman, Investigation and Prosecution Committee

this end a form of complaint has been prepared, and is hereto appended, the principal features of which are:

THE REPORTING MEMBER'S AGREEMENT TO APPEAR AS COMPLAINANT;

THE REQUIREMENT THAT THE COMPLAINANT FURNISH COMPETENT EVIDENCE;

THE ABSOLUTE CONTROL BY THE BUREAU OF EVERY CASE ACCEPTED.

The committee asks your approval of the raising of a cash fund of \$100,000 through voluntary subscriptions, and the amendment of the constitution so that, on and after July 1, 1912, the dues to the National office, both individual and per capita, shall be increased from \$10 to \$12, and from \$3.50 to \$5.50 respectively, such increase to be placed to the credit of the prosecution fund.

The committee makes the following recommendations:

THAT ALL VOLUNTARY SUBSCRIPTIONS BE MADE PAYABLE SUBJECT TO THE CALL OF THE BOARD OF DIRECTORS OF THE NATIONAL ASSOCIATION OF CREDIT MEN;

THAT THE BOARD OF DIRECTORS BE AUTHORIZED TO ESTABLISH SUCH NATIONAL BUREAU, AND TO EMPLOY THOSE NECESSARY TO CARRY ON ITS WORK;

THAT ARRANGEMENTS BE MADE TO SECURE THE SERVICES OF A NATIONAL DETECTIVE AGENCY;

THAT THERE BE NO LESSENING OF EFFORT ON THE PART OF LOCAL ASSOCIATIONS TO ESTABLISH AND STRENGTHEN LOCAL PROSECUTION BUREAUS, THUS PROVIDING A VALUABLE MEDIUM FOR HANDLING CASES ARISING UNDER THE NATIONAL FUND.

Your approval of the following resolutions is asked:

"WHEREAS, The United States government has entered into a vigorous campaign directed against certain deep rooted methods of fraud, and

"WHEREAS, Many bodies organized for business and social betterment have established departments to protect their members and the public in general against various classes of criminals, and

"WHEREAS, The National Association of Credit Men, the largest and generally acknowledged one of the leaders among the important commercial bodies of the country, is to a great extent responsible through the persistency of its teachings, for this general awakening, be it therefore

"Resolved, That recognizing its duties and responsibilities toward the business interests of the entire country, and conscious of its power to raise to higher levels the standards of business, the National Association of Credit Men in convention assembled, announces its determination to assume its share in the fight for the elimination of fraud, and be it further

"Resolved, That the report here presented by the Committee on Investigation and Prosecution be and is hereby approved and that the Board of Directors is instructed to take steps immediately to perfect and carry out the plan embodied therein."

Respectfully submitted,

WM. CRANE ANDREWS,
EDGAR BETTMANN,
A. C. FOSTER,
A. J. MCKAY,
D. L. SAWYER, *Chairman.*

NATIONAL ASSOCIATION OF CREDIT MEN.

PROSECUTION BUREAU.

Complaint Blank.

RULES.

I. Complaint once made cannot be withdrawn for settlement or compromise.

II. Once prosecution is instituted, no step must be taken, without conference with the Bureau, that might in any way prejudice the proceeding.

III. The individual, firm, or corporation signing this complaint must, upon request, become the formal complainant before a Police Magistrate, Justice of the Peace, United States Commissioner, or Grand Jury.

File No.

Date.

Name of Complainant:

Firm or corporation:

Address:

Person or persons against whom complaint is lodged:

(In full)

Place of business:

Nature of business:

General nature of complaint:

(Here specify in detail)

What specific crime commission of which is suspected?

Is case in bankruptcy?

If so, when was petition filed?

Where was petition filed?

Was receiver appointed?

Who is he?

Was trustee appointed?

Who is he?

Who represents the creditors?

Who represents the bankrupt?

What books have been discovered?

What are the liabilities?

What assets have been found?

Has bankrupt disappeared?

If so, when and where was he last seen?

What additional information, if any, have you concerning his present whereabouts?

Has any examination or investigation been made?

If so, forward copy of stenographer's minutes with complaint.

Did bankrupt make any credit statement or statements?

If so, to whom?

Annex *exact* copies, including *exact* form of signature.

Any preliminary investigation by detectives or accountants?

Annex complete report.

Be sure to send all documents bearing in any way upon the case.

Annex list of creditors interested in the case.

Any previous experience with person complained of?

Mr. Sawyer—I move that the report be received and the resolutions in their entirety be adopted.

Motion seconded.

Mr. Harry New, Cleveland—As we all know this great question has been taken up by us now for the last eight years, and the Prosecution Committee in now presenting their plan has done so after the most mature thought. Something unusual was done in connection with this report; it was sent out to all the local associations in full, so that a calm discussion at home could be obtained and the views of the members in their own communities representing the entire membership could be had.

A great many thoughts have been evolved from the discussions so had. I should have liked to have heard some of them fought out at this time, but a great deal of objection to the committee's proposals, I believe, has arisen from the fact that the membership dues would be raised \$2 if these proposals were adopted. We have heard it said that a great many organizations could not enter into such a plan; and other objections have been raised. But one of the main questions which have been brought forward, so far as I have heard, is this: Are we now prepared to carry into full effect and force this great plan as presented? The plan, of course, proposes that the local associations establish and strengthen their prosecution bureaus.

I do not know off-hand how many organizations have such bureaus—I believe there are somewhere in the neighborhood of twelve or fifteen. Now, if all the organizations had at this time prosecution bureaus such as those in existence in some cities, this National bureau that is now proposed would be splendid, and to establish it would be quite simple.

The only question that I would like to raise here now before this convention is, are we ready and prepared to have the National organization go ahead with this proposition quite in the form proposed?

For the purpose of discussion and to bring out the full views of the membership, I propose to strike out the last resolution which says: "*Resolved*, That the report here presented by the Committee on Investigation and Prosecution be and is hereby approved, and that the Board of Directors be instructed to take steps immediately to effect and carry out the plan embodied herein." I move that that resolution be stricken out; and further, my motion contemplates that the recommendations of the committee be stricken out with the exception of this: "The committee asks your approval of the raising of a cash fund of sufficient size." My motion is that that recommendation be retained, and all other recommendations be stricken out; and that the following recommendation and resolution take the place of all recommendations and resolutions contained in the report, except the recommendation referred to, namely:

"The committee asks your approval of the raising of a cash fund of sufficient size through voluntary subscriptions," which recommendation is retained.

"*Resolved*, That the Investigation and Prosecution Committee, as part of its duty, under the direction of the Board of Directors, shall investigate complaints of crime and criminal fraud in relation to credits or to insolvent estates, and shall aid and encourage detection and prosecution of such cases as may in their judgment seem appropriate for the action of the National Association of Credit Men, acting therein with the local

associations, with National members, and with the officers of the state or national government, or otherwise, as may seem in each case the most advantageous, with power to employ agents and means necessary to these purposes; and to encourage local associations in the establishment, maintenance and operation of prosecution funds or bureaus."

Now, how will this act? It gives the incoming board full power to do what you ask. It does not say that the fund shall be \$100,000. It says to the board, go ahead and raise a voluntary subscription; it does not say to the board, assess the members \$2 per capita, but it distinctly says that efforts should be made by the board and by the prosecuting committee to consider all those cases to establish a prosecution fund and bureaus; and further, that all this work can be carried into effect if the board thinks the time is ripe this year to do it. Under this presentation the board is given power to proceed if they think they should, and is given every advantage which the resolutions proposed by the committee give.

I present this resolution to take the place of the resolutions and recommendations proposed by the committee with the exception of leaving in that one sentence, as follows: "The committee asks your approval of the raising of a cash fund through voluntary subscription."

Mr. G. Brown Hill, Pittsburgh—I second the amendment. We are opposed to an additional tax on the membership, but Pittsburgh believes the work of prosecution should be carried on and that there should be a National fund and work from the National office to help in the prosecution of cases involving scattered interests. We believe that the local associations can best handle the local cases, and we second Mr. New's motion rather than the original which provides for an additional assessment of \$2 on the membership.

President McAdow—Before we proceed further it seems to the chair that Mr. New has offered an amendment to the body of the report and has offered a resolution which is a substitute for a part of the resolution offered by the committee, and with your permission in putting it for action the chair will just present the amendment offered to the paragraph in the report, in which the committee asks for the convention's approval for the raising of a cash fund sufficient for this purpose by voluntary subscriptions. The resolution itself is a substitute for a part of the resolutions offered by the committee. With your consent shall we divide it in this way?

Mr. New—It is agreeable to me.

Mr. J. T. Hardeman, Seattle—This is the most important matter which has come before this convention. I assume it is universally admitted that a strong prosecution fund, national in foundation, would have a far-reaching moral effect, and would be the ounce of prevention which would save the pound of cure, and the question comes down to methods of creating and making the fund available. To my mind the only sure way is to have a national fund, for the reason that in every case, or at least nine cases out of ten, a local prosecution fund will be ineffective from the fact that it is but a compromise; and I could cite a specific instance where that has been found to be the case, and I think it is quite generally admitted that we should have a national fund as soon as it is practicable.

Mr. W. H. Mingaye, St. Paul—I think that the National Association fund would not do the work that our local association funds can do. In the first place if we have local associations they can take up the local matters. If they need anything from the National Asso-

ciation I am sure the directors stand ready to give their aid and assistance.

Mr. Sawyer, Milwaukee—I accept the resolution offered by Mr. New in place of the last part of the one recommended by the committee. (Applause.)

President McAdow—That will dispose then of the action on the resolution. Do you also accept the amendment to the body of the report?

Mr. Sawyer—I do.

President McAdow—Then we are ready for action upon both the amendment and the resolution. Do you understand the proposition? Are you ready for the question? Mr. New's amendment is that the paragraph relating to the amount of the voluntary fund and to the advance of the per capita tax be stricken out and leaves it to read about as follows: "The committee asks your approval of the raising of a sufficient fund for the purpose through voluntary subscriptions." That is as nearly as I could quote the wording.

Motion unanimously carried adopting Mr. New's amendments.

President McAdow—The amendments are adopted and the question is now upon the report and resolutions as amended.

Unanimously carried and declared adopted.

President McAdow—It is now our pleasure to hear an address on the subject of "The Red Flower," and it is my pleasure to introduce Mr. Franklin H. Wentworth, of Boston, Massachusetts, secretary of the National Fire Protection Association. (Great applause.)

THE RED FLOWER.

Address of Franklin H. Wentworth, Boston, Massachusetts.

Mr. President and Gentlemen:

There are too many familiar faces in this audience to make me feel to-day in any way a stranger, and I am grateful for this opportunity to renew so many of the acquaintances made during the winter while traveling with your honored self, Mr. President, and the distinguished gentleman at your left, Mr. Meek.

Mr. Rudyard Kipling, that distinguished literary genius, in his *Jungle Book*, in that section referring to little Mowglay and his experience with the animals, which I hope all of you have read, characterizes so clearly the animal consciousness regarding fire, that one is amazed at the logic which the animals seem to use.

The characterization of fire as "The Red Flower" carries with it the development of the animal consciousness. It is a logical thing to conclude that fire is simply a blossom, simply a production of natural processes which the animal understands in other directions.

Now, it is evident from our historic resources and from biological facts that there was a time when man himself feared fire. The fable of Prometheus, which has been given to us in such matchless fashion by the leading poets of the world, shows clearly that there was a time when man feared fire, when his consciousness regarding "The Red Flower" was very little above that of the animal. When the fire raged through the forest we can imagine prehistoric man hunting his cave or his den as the animals do to escape from its ravages.

Now, when we realize what a tremendous difference the harness-

ing of fire, the beginnings of the use of fire, must have made to prehistoric man, we can realize how logical it is for early man to have assumed that fire was a divine prerogative of the gods; and that Prometheus or some other mythical character which first struck fire from a flint and used it in the service of man, must have robbed the gods of this prerogative and therefore called down upon himself the condemnation of those who sat upon Olympus; and we cannot but believe that it was logical for them to have assumed fire was of benign origin.

As we watch civilization's advance we see that intimately locked up with it is the comprehension of the uses of fire. It is almost incredible that the common sulphur (which is becoming so unpopular with us to-day) was not invented until 1831. Does it seem possible that previous to 1831 our fires were made with flint and steel? What a tremendous factor in civilization this little sulphur match has been!

All the growing complexity of civilization referring directly to the service of the elements, is connected with fire. What is electricity but fire concealed in an electric wire, locked up there in the dark and released by the turn of a key of an electric lamp? What is a steam engine but the transmission of the results of combustion through steam? What is an automobile but fire locked up in an engine and exploded by an electric spark? All development in civilization has had this tremendous element of fire as its hand-maiden.

It is familiarity with these great forces which breeds carelessness. Fear is not necessarily cowardice. You think the animal is cowardly when he shrinks from the fire, but it is not necessarily so. It may be merely inexperience. Fear is the result of inexperience and is not always cowardice. You remember the story, all of you, of the cowboy and his first ride on a steam train. Imagine him, a man armed to the teeth, with guns in his boots and belt, always ready for a rough house, risking his life, perhaps, on the turn of a card, a man absolutely without fear; yet there he is, pale and trembling on a steam train and swearing if he ever gets off it he will never get on another! So the countryman when he comes into the New York hotel. He is halting, diffident, timid. Why? Because he is not used, perhaps, to some of the esthetic customs of New York. Timidity is there, not cowardice. If you think it is cowardice, attempt to put something over on him and see what happens. (Laughter.)

Now, we have become careless because we have become familiar with fire. The red flower's terror has gone from the human animal; and see how it goes from the domestic animal as well. The cat and the dog which, in their wild state, fear fire as much as any animal, now crouch beside the hearth and imbibe the warmth and comfort of the blaze, believing that man's cleverness will be able to confine that fire to its proper sphere. Carelessness, the result of this common experience of ours, the result of the use of electricity, the result of the use of fire in every department of life, brings us to the consideration of our subject to-day.

We have grown careless of the red flower, careless of its blossoming. It blossoms now like the weed, everywhere—in rubbish, in wastebaskets, in Iroquois theatres and Triangle shirtwaist factories—where it exacts its meed of human life.

It is a commonplace to say that things good in themselves turn to evil by abuse or by neglect. But this is singularly true of the forces of

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nature, harnessed as they are harnessed by man to do man's work in the world. They are continually straining to burst their bonds.

I remember one of the most dramatic tales that I used to enjoy when I was a boy was the story of the bursting of the dam, and how a horseman rides down through the night shrieking out to the people, rather a modern Paul Revere, that the dam has burst, and that the flood is coming, and telling the people to flee to the high land. Water, the other great power, when locked up and confined always seeks to burst its bonds; and a little leak not attended to, allowed to spread, gradually expands until the flood is released and the sacrifice of human life follows in its wake.

So with electricity generated mechanically through steam transmission, put out all over the country in a silent, quiet wire, also seeks to get away as if it were a giant confined—seeks to escape, to elude man's vigilance; and so we must have electricians, men skilled in the science, to know what that current will do; that it will escape to earth on occasion; that a short circuit will run down that tremendous energy into a lower form, the form of heat.

You had an illustration of that in Minneapolis some months ago in the burning of the plant of the General Electric Company. As I understand it, there is a high transmission there coming from some water power at a remote distance; and something got wrong with the receiving transformers, causing that wreck and fire—it was so reported—indicating the continual care that is necessary in handling these great forces.

Now, the electrical committee of the National Fire Protection Association is a sponsor for the national electrical code which has been built up step by step, and by which all electricians, not only in America but in the civilized world to-day, are guided in their electrical construction. Carefully devised not as to what electricity will do, or how it will serve, but on what occasion it will run down into the lower form of energy, which is heat; and when heat develops in electrical transmission where it is not intended, disaster will result if the cause is not quickly and speedily removed.

Now, carelessness with these great forces brings disaster. It is the law of God that it should be so. We cannot evade it. We are given these things for our service; with the giving of them is laid upon us a responsibility which we cannot evade.

But we in America do largely evade it. We have become familiar in this country with disaster. It seems to me sometimes that we have lost the possibility of having our imaginations stimulated by any ordinary kind of disaster. We look dispassionately at the train wreck, at the mine cave-in, and fire, at the explosion wherever it may be; and we are coming more and more to handle high explosives with an ever-increasing nonchalance. We are bred in the belief that our resources in this country are unlimited. No waste affects us practically, and no waste is forced in upon us, unless along with that waste, is some great dramatic tragedy which appeals to, which stimulates, which shocks our imagination, as was the case with the Asch building fire a few weeks ago in New York. We have become so accustomed to fire that we think of fire as a logical and necessary thing.

I call your attention to an article contained in the *Minneapolis Tribune* which I picked up at the club this morning. In one corner you find a picture of some fire horses rushing through a fire and over that picture is the heading, "Fires During the Last Twenty-four Hours." There were four of them described in this morning's *Tribune*. That seems ordi-

nary, but it is an illogical thing, and a condition that we ought to be ashamed of here in Minneapolis as well as everywhere else in this country. I do not criticise the enterprise of the *Tribune*. That is commendable. But the idea that there should be four fires in twenty-four hours and that that should be regarded as a mere matter of ordinary routine, so to speak, is shameful. Every such fire in its incipency may bear the natural fruit of a conflagration, destruction and death. One of these fires I noticed was from spontaneous combustion in a closet; another was started in a rubbish heap. Now the red flower will blossom wherever the seed of carelessness is planted.

Our resources are apparently boundless; but not only are our common life and our common welfare consuming them daily, in the logical process of making the world comfortable and happy, but we are burning them, we are destroying them, at a most frightful rate.

The forest warden in Montana and Idaho reports that the loss in timber through fire last year in those two states was \$21,500,000! Think of it! Think of the loss of building lumber in a single year in those two states. Apparently it is the government's loss; but what is the government's loss—you and I, the common people; or it may be a private lumberman's loss—but what does that mean but an increased price on lumber, an increased cost to the home and everything that goes into it that is made of wood? It comes back to us; it comes back to our waste and our suffering and we cannot shift it.

Now, the fires in Minnesota last year, I believe, in the forest sections, would not have made a ripple throughout the country, disastrous as they were, if they had not consumed the towns of Spooner and Cadott and rendered a lot of people homeless. That appealed to our imagination when the constant waste, the \$100,000 here and the \$300,000 there, did not.

There was a fire reported in the paper this morning—I have forgotten where it occurred, I think in Des Moines, Iowa—in which twenty-two firemen were overcome by the fumes of gas. The gas pipe in the house broke, owing to some collapse, due to the fire, perhaps, and liberated this gas, and the flames spread so quickly as to overcome this large number of firemen.

Now, every one who thinks at all realizes that some day we will have in the street gas, electric and water shutoffs; that is a logical equipment and the companies should furnish it. I do not speak of this matter with any local pride, because the Boston Gas Company has not yet furnished us in Boston with such outside shutoffs; but you can see that firemen going into a building which may be filled with gas are apt to meet a terrible danger at any time. And there should be a shutoff in the street and it should be furnished by the companies. We are just beginning to realize this situation; we are just beginning to see the necessity of protecting human life and meeting our responsibilities in these directions. These abuses have grown up and been allowed to continue because they were dictated by private corporate greed; the public conscience has slept, and the wrongs will not be righted until the public awakes and protects them.

The colossal fire waste, amounting as it does to \$250,000,000 a year in this country, should long ago have been checked. People should have demanded that such fires as these reported in Minneapolis should not be permitted to occur. There is no excuse for throwing oily rags in a closet where spontaneous combustion may result. There is no reason for the existence of rubbish heaps where fires may start. Cleanliness,

public health and safety, all demand that such things be forbidden. It is because we do not realize who ultimately pays this terrific loss that we have not long since checked it. The besotted idea that the insurance companies pay these losses is stupid. It is clear to any thoughtful people that the insurance companies simply collect the tax and pay it to the individual who suffers the loss; that it is not the insurance companies that in reality pay this tax; nor is it the policyholder who pays the tax. You commercial men all know that insurance is a legitimate part of your business, and that you put it upon your stocks in your stores, and that goes out through the sale of your goods to the consumer. You must shift that expense; it is part of the ultimate cost of the goods. You could not be commercially successful if you took the account of the insurance premiums out of your business profits. It is part of the legitimate cost of carrying on your business. So we see when San Francisco burns that in order to recoup to San Francisco the cost of rebuilding, the loss is ultimately assessed to all the rest of us, upon all our stocks of goods. It is not in reality the hatter who carries insurance on his stock of hats that pays the loss; it is the man who purchases the hat. The consumer pays this great tax, and it is the price paid for our national carelessness.

Now, the first lesson that we Americans have to learn is the lesson of individual responsibility. First we must realize that the growth of this "red flower" is choking the garden of our national prosperity. We fight the gypsy moth and the brown-tailed moth in New England; we fight the boll weevil in the south and west, and we fight the Colorado beetle. Those things are clearly recognized as pests. But we are just beginning to realize the necessity of fighting the "red flower," fighting and cutting down this weed that is menacing the plants in our national garden of prosperity.

Now, personal responsibility is a thing that must be brought home to all of us. We must realize that when our building burns through any careless act of ours, or through any lack of care, we are doing an unneighborly thing, that we are placing a burden upon our fellow-men which our care might have avoided.

In France there is a law which places the responsibility for the loss caused by a fire outside one's premises upon the man who owns those premises, unless he can show that the fire occurred through no fault or neglect on his part. The burden of proof is upon him. Now, that responsibility blossoms into a feeling of altruism. There is no country in the world in which there is so much of a social conscience, so much of working together, so much of collectivism as there is in France; and we all realize that as increased responsibility comes to us, we are not in truth administering that special charge for ourselves. We find, whenever we consider it and think of it, that that responsibility blossoms into altruism; we find that we are working for others. You men, if you are at the head of established business, realize that when depressions come your employees suffer; you think of them; you think not only of your own profits, but you think of them. The world is giving increased freedom of action to men, but is placing upon them an ever-increasing responsibility for their fellow-men. Social conscience is growing and expanding to-day throughout the world. We live not for ourselves alone; and the man or an organization that lives for himself or itself alone no longer merits and no longer wins public approbation.

Now, in the light of that thought, I wish to speak for a moment of the work of your association in agitating the question of fire waste. I do not think you quite realize how exceedingly valuable the work of your

association has been to the National Fire Protection Association in a measure, but vastly more to the public at large. As long as the people believe the insurance companies pay this colossal tax, they naturally assume that no one should be interested in checking the waste excepting the insurance companies.

Because the National Fire Protection Association has in it many men who are in the employ of the insurance companies, although they give their services to the National Fire Protection Association without price, the people have assumed that ours is an insurance organization. Now, you know it is not, but the vast public does not know that it is not; the vast public assumes and has assumed that our organization which has been an engineering organization for fifteen years, is an insurance organization, working for insurance premiums.

Now, by your taking up as an association this question of fire waste, and pointing out its economic significance, pointing out to the people that it is their responsibility, that they pay this tremendous tax, you have rendered a singular public service. You have not only been a tremendous teaching force, but you have given yourselves an entirely new public setting, and you have helped to give the National Fire Protection Association a distinct public setting. You have brought us into public life as we are, not only a little body of engineers, but a public force, a public teaching body; and you yourselves have taken your logical place in the public eye as not merely an association of men interested in credits for the benefit of your individual firms, but as an association which has listened to a great public opportunity; and you have listened to it in advance of bodies like architects and builders that should have done it first. (Applause.)

That is the tribute which I desire to pay to you to-day, to express the appreciation of our association for your work as an active member with us, and especially for the intelligent work of your officers, Mr. Meek and Mr. McAdow, whom I had the pleasure of traveling with last winter, and both of whom, I assure you, can make a very good speech indeed upon the subject of fire waste. There are other gentlemen in your ranks, Mr. Gettys, of Louisville, and one or two others, who have spoken this winter on the subject of fire waste; and this public setting is reflecting a great credit on you among thoughtful men.

Do you know what your association did in the city of Rochester, N. Y.? I am particularly interested in that experiment because I had a small share in it. Your secretary arranged with the local association at Rochester in February, that I speak at one of their monthly dinners; in accord with the broad and generous hospitality so characteristic of credit men, they invited the other associations, like the chamber of commerce and one or two others, to join them; they came, and we had a delightful evening. We discussed the question of fire waste, and I was kept on the rack for half an hour answering questions. After that meeting I received a letter from the president of the chamber of commerce saying that Rochester had decided to help us in this campaign against fire waste, and wanted confirmation of certain figures which I had given at this dinner. Now, Rochester has produced an admirable little pamphlet entitled "Prevention of Fire," and is not only circulating it in Rochester but throughout the country, and it is indeed a credit to that city. In the city of Rochester the chamber of commerce and other public-spirited associations are urging the increase of cleanliness of the city, insisting upon cutting down the fire habit, demanding the protection of its buildings, the improvement in the character of con-

struction, and the adoption of a better building code, a course which, if persisted in, will make Rochester a model city. And the germ of that movement, the invigorating life, the initiative, if you please, was contributed by the local credit men. (Applause.) I understand there are other cities so struck with the initiative of Rochester that they desire to imitate it. So that you see we really got something going in Rochester; and the credit lies with you in working with us, and giving us an opportunity to put out these facts in a new public setting—not from the insurance companies but from the commercial bodies who have the welfare of the cities in their hands.

After waking the country, as we must by this method, after getting, perhaps, the architects started and the bankers—because the bankers ought to be interested in this and other business men's associations—after we have aroused the people to the economic significance of the fire facts, then what must we do? Then we must teach.

A distinguished Englishman, Mr. Balfour, has recently said that the hope of the future of the world lies in the popularization of scientific knowledge. Now, for fifteen years our association has been equipping itself and cementing its conclusions; has been getting ready to furnish this very scientific knowledge which the country will demand. Once it arouses itself to a consciousness of the fire tax, once it sees the enormous proportions of this loss, it will reach out for this knowledge which will make it possible to check the loss. And there lies the field of usefulness of the National Fire Protection Association; that is why we keep it close to the people; that is why our dues are only \$5 a year; anyone who desires to co-operate, who desires to receive not only our popular but also our technical literature, can do so; the office and membership is open to him.

Now, I shall not go into fire protection to-day, because I have had opportunity to speak to many of you in your local organizations. I shall look forward in coming years to renewing those acquaintances and to opportunities to address those local bodies which I have not yet had the pleasure of addressing. So to-day, in the brief time left to me, I shall merely comment on only two typical fires.

Let us take first, the Asch building in the city of New York, where so many poor shirtwaist girls lost their lives. Now, in the first place, business of the sort carried on in the Asch building is an anomalous thing. The idea of a factory running eight or ten stories above the earth practically in the heart of New York City is abnormal. Factories of that sort should be in the light and air and on the ground floor, or, at least, not more than one floor above it. But because the foreigners land in New York and huddle right down there in that district where labor is cheap, it is profitable to operate that kind of a factory, eight or ten stories above the earth, in that comparatively congested district.

That being so, we will have to wait for an economic change to rid us in New York of manufacturing in those loft buildings. We must meet the situation as it is.

The men who operate that factory declare, and anyone in New York would have declared, that the Asch building was a fire-proof building; and after the fire, as you passed along the street, you would not realize, looking up nine or ten stories, that any fire had occurred. The building was not harmed as far as its outward appearance is concerned.

But what is a fire-proof building? That is the question which

we were compelled to ask ourselves and New York was compelled to ask itself after that fire.

The function of a fire-proof building is to protect its contents, life and property—to protect whatever contents there are against loss by fire. How can that be done? A fire-proof building, a building erected with fire-proof walls, may be no more fire-proof than a stove when everything inside it, if it gets going, will burn. It is the combustible contents of these fire-proof buildings that burn, that pull out the steel members by expansion and wreck them.

So we must see what the fault is in the construction. One of the greatest faults is a vast floor area. Buildings should be cut up into as small sections as possible, and then they should be equipped with sprinkler systems or water supply systems of some kind that will turn the water on an incipient fire immediately after it starts. There was no reason or justification for that loss of life in New York. It would not have occurred if that building had been equipped with automatic sprinklers. But here were these girls wedged in in rows between the tables and sewing machines, so that they could not get out except down the aisles. And when they went down the aisles the poor things found the doors locked, and there they were caught like rats in a trap.

You all realize that it is impossible for a fireman to drag hose up ten stories; it is too heavy and they cannot do it. To attempt to throw water into the tenth story of a building by means of a tower is mere boys' play. You cannot reach the seat of the trouble. There is nothing scientific about fighting a fire in that way. All these buildings must be equipped with stand pipes, and it should not be necessary to wait for the fire department to couple on below. The water ought to be in those stand-pipes continually so as to provide water immediately and automatically for hose equipment and the sprinkler system. So that when the fire occurs the water will be thrown immediately on the tenth or the twentieth floor, wherever required, and it should not be necessary to wait for human agency to come, except when the fire spreads very rapidly.

If that Asch building had been equipped with automatic sprinklers the girls would have gotten a wetting and some of them might have been scorched by this quick burning light material, but such a loss of life would not have been. Further, such factories must be divided by smaller floor areas; they must be equipped with extinguishing apparatus, and they must have quick and safe exits.

The iron fire escape which most city ordinances demand is a delusion, an hideous delusion and a snare. Of what avail is an iron ladder or stairs attached to the side of a ten or fifteen-story building? If there is a fire below any particular floor it shuts that floor off. The flames, as a rule, leap out of the windows and cut off escape. Again, anyone getting on one of these fire escapes eight or ten stories above the street frequently loses his balance any way. Moreover, I have seen people come out on these so-called "fire escapes," grasp the hot rods and, with shrieks of agony, leap from them. I witnessed an occurrence of that kind in Chicago eight or ten years ago. That kind of fire escape is worse than useless. It gives a fancied security, and it prevents a real fire escape from being constructed. It should not be demanded or permitted on buildings over two or three stories in height. In low buildings only it is possibly of some service.

The only proper form of fire escape in tall buildings is a brick

tower, with no opening into the building, the opening being outside into a balcony or into a vestibule, so that the employees may pass into this vestibule and then go down this stairway, protected from the fire inside the building. That tower may be used all the time as a stairway to the building. There is no reason why it should not be. But it must be smoke-proof and open to the air on every floor. Then the employees as soon as they get off their floor are secure and can descend the steps. When there are great floor areas even that sort of a tower may not save life. It may fail on occasion.

In the great Huyler candy factory in New York they have a fire wall running right through each floor as a fire protection, and automatic self-closing fire doors between. If a fire occurs on any floor in any section of the building, the employees can easily and quickly pass through the door to safety beyond. Moreover, they are constantly practiced in fire drill. They can pass through into this other section, the door will close behind them automatically and they can descend the stairs without panic and without rush.

In buildings where the nature of the business would render quick burning likely, it would seem to be imperative that a fire wall with automatically opening and closing doors, should be constructed, thus saving life and giving the fireman a chance to work effectively on the fire. But on any ordinary building not constructed of quick-burning material, a tower such as I have described will be useful, and I believe will be adequate; although where large numbers are employed in those loft buildings the crush or pressure on the stairs may be too great on occasions to prevent loss of life.

You will note, those of you who have been in the New Theatre in New York—that beautiful building which has recently been abandoned by the New Theatre enterprise—that the stairways from the second and first galleries come down in the same pocket or well, but one is above the other, so that the people in the second gallery can never collide with the people in the first gallery. You can easily realize in the case of stampede on account of fire in a building, if it occurred on more than one floor at a time, the pressure on this stairway, that people coming on the stairway on the floor below would encounter the rush of people descending from the stairway above, and a panic and consequent loss of life might result.

Great care must be had with reference to these points in such a building as the Asch building; and yet you will realize that even a perfect fire escape is simply, in the absence of proper extinguishing apparatus and proper building construction, no better than fighting a pestilence in a city by providing good railroad facilities for getting out of it.

Now a brief word with reference to the great conflagration in Bangor, Maine. Our old friend, the shingle roof, is responsible for the Bangor fire. The fire never would have crossed the river and worked the havoc that it did if it had not been for wooden roofs. These eventually will be abolished throughout the nation.

The government buildings which were consumed at Bangor were consumed because the fire got into them through common light window glass, with wooden frames. The time will come when all our buildings housing valuable contents will be equipped with metal window frames, with wired glass.

There was a discussion in New York at our last meeting as to the

relative value of wired-glass windows and the tin-clad shutters which we have on many of our properties. Now, the tin-clad shutter, if well closed, is undoubtedly a better stop for a severe exposure than metal window frames and wired glass; but will it be shut at the critical time—that is the point. A metal window frame and wired glass is always on the job, and in every exposure, except a very severe one, will hold the fire. Glass transmits heat, we all know that. Did you ever, on a railroad train, go by a spot beside the track where the section men were burning ties? If you have you know how quickly the heat goes through that window and makes you flinch away from it. Yet, put your hand on the glass and you will find it cold. Now, in cases of severe exposure, the radiation of heat will pass through wired glass, and if there are combustible contents within a foot or two of the window the heat may ignite them; but if all of our business buildings were equipped with metal frames and wired glass, throughout the business district, a conflagration would not get under way. The fire might burn out one building, but the fire would encounter the windows of another building, and would not communicate.

Wired glass is a good barrier against fire. In this Asch building fire the building near it was equipped with wired glass and the firemen broke a hole through that glass and played into the Asch building, putting the hose right through it.

A young woman is preparing an article on fire protection for the forthcoming issue of *McClure's Magazine*, and she wrote me asking if there was anything abnormal in the Bangor, Baltimore and Chelsea fires. Now, in thinking over that question, in order to answer it intelligently, I thought there was a comparatively high wind during each of these conflagrations, but that is not abnormal. If that wind were to change during the conflagration and blow from the other way and check the fire that would be an abnormal condition; but a windy condition is not an abnormal condition; and then I saw by reference to my calendar that the Baltimore, Bangor and Chelsea fires occurred on Sunday, and I wondered if there was anything abnormal about Sunday, and I found there was, because on Sunday most of the business houses are empty, the men are not there on the job, and the people go away and often spend Sunday with relatives, and the city is not under as good protection on Sunday as on other days. So I concluded to tell the young lady that so far as conflagrations occurring on Sunday is concerned, the condition was a bit abnormal.

I did not come to you to-day to give you any special information on fire waste. As I told you, I hope to have that pleasure later. I came from Boston, not to give you any special information, but to testify to my appreciation and the appreciation of the National Fire Protection Association, of your generous and unselfish public work in aid of our cause during the year.

You are pioneers and the future will testify to your foresight and your real patriotism. The future will pay to your association, because it has taken the initiative in this great public work, tribute which it only pays to men whose faces are towards the future and who are alive to their responsibilities in their day and generation. (Great applause.)

President McAdow—It will now be our pleasure to listen to an address, "The National Salesmanagers' Association," by B. P. Neff, of Duluth, Minnesota, treasurer of that organization. I am glad to present Mr. Neff. (Great applause.)

THE NATIONAL SALESMANAGERS' ASSOCIATION.

Address of Bentley P. Neff, Duluth, Minnesota.

Mr. President and Gentlemen:

It is always more or less disconcerting for a salesmanager to make an appeal before *one credit man*, consequently, you can imagine my feelings in standing before this magnificent body of several hundred credit men to try to get you to place your "O. K." upon a proposition as yet perhaps quite unfamiliar to most of you; but from my experience of the eminent justice and fair-mindedness of credit men in general, I know and my associates realize that if we can lay before you a statement of our affairs that will bear the strong light of your most searching investigation, you will be disposed to extend us credit and in so doing, effect the partnership we so greatly desire, for while the two organizations, yours and mine, will always stand separate and distinct, the relationship between them should always be of a character conducive to the most kindly feelings of helpful interest and co-operation.

At the start I want to say that the opportunity to address this body of credit men is greatly appreciated by every member of the National Salesmanagers' Association. Through me, they wish to express their appreciation for the recognition you have given us and they hope the argument presented will be sufficient to merit and warrant your endorsement. We feel that if we can demonstrate to you that our proposition contains a good equity, you will consider us a safe risk, extend us plenty of credit and help us along in case we should need some accommodation.

We believe, gentlemen, that the National Salesmanagers' Association is an economic necessity in the present day methods of merchandising. We are living in a peculiar age, a distinctly commercial age, as every one must plainly see and admit. It is an age when individuals have combined to form corporations, corporations have combined to form trusts until now we are face to face with merchandising problems unknown to the mercantile interests of only a few years ago. The keenest men the science of business has ever produced, are at the levers and where a four horse power engine formerly sufficed, we now need two hundred horse power to get the desired results.

"The world of the next era will contain a new race of business men. Business to-day is almost a new occupation and a new type of man with a new equipment will be necessary for its conduct." Where is the new type of man and where his equipment? The prophesy just quoted, for it reads just like one, refers in my judgment to the salesmanager and his equipment, to the National Salesmanagers' Association.

Just one word in regard to the former. The salesmanager is a product practically of the last decade; he stands as the engineer at the throttle of his locomotive, guiding the engine of commerce; his sense must be keen, his eye alert, he must be ready at all times to detect the slightest friction in his organization as it glides along the rails of industry to its destination. Upon his shoulders in a large measure falls the responsibility of a safe arrival at the terminus—"Success." He must be ever ready to instill into the men in his charge that enthusiasm and fire that are absolutely necessary to bring about satisfactory results for the house—to encourage and stimulate the selling force at all times—to eliminate from the force all elements of discontent—to command absolute trust and faith in himself that justice and an impartial decision will be made in all matters brought before him.

Now as to the national body. Some there are who question the ad-

visability of a salesmanagers' association, national in scope, but everywhere we see the wonderful results of organization. Your own association is but an example of what may be accomplished by united effort. Do you know, gentlemen, our association received its inspiration from the magnificent example furnished by the National Association of Credit Men.

I crave your indulgence in a reference to a biblical illustration. In thinking of the two associations and of the business world in general, I am reminded of the creation. The Garden of Eden may well typify competition before unethical methods were introduced. Our father Adam typifies the original credit man, strong of body, clear of mind and monarch of all he surveyed, but there was something lacking in this business setting, and the rib inspiration was taken from our credit man and the salesman was formed, typified it is true by our mother Eve, indicative of the gentle ways and manners exercised by the salesman in the solicitation of business. We are willing to yield the palm of strength and manhood to you but when it comes to ways and means and finesse used in the high grade solicitation of business, I am sure you will be willing to bow to the sales department.

So my story of the creation holds true. I am no more going to refer to the trouble Eve caused Adam in selling him the apple than I would consider it proper to refer at this time to the trouble some salesmen cause the credit men in selling poor accounts.

But to return to our subject—organization—the Wholesale Grocers' Association and the Wholesale Dry Goods Association are other examples.

Think of the sign you see by the window of your bank "We are members of the State and American Bankers' Associations." Were it not for these associations hundreds of banks would be out of business. Their associations not only protect them from bank robbers and forgers, but from hostile legislation as well. Think of how quickly the banks got together during the last panic and saved the day.

The editors have an association, the doctors a medical association, the lawyers a bar association, the retail grocers, the school teachers, and so on down the list and yet in view of all this, in spite of what has been accomplished by co-operation and unity of interests, some deny the salesmanagers the right of organization.

Why, gentlemen, there is every reason why this organization should be a success. The past few years have in several ways and to no one more plainly than the salesman himself, demonstrated the advisability of an organization of this character and everything points to the possibilities of good that can be accomplished by proper effort and interest on the part of members of the association. The value of an association like ours in lines so many of them competitive, where misunderstandings so easily arise, where misrepresentations are sometimes made, cannot be overestimated.

Man is a social animal. His nature craves and drives him to association and co-operation with his kind; hence the family, the clan, the tribe, the nation. That "man lives not unto himself alone" and that "he who saves his life shall lose it and he who loses his life shall save it," is but the terse expression of a law as universal and sure as that of gravitation, and attested no less by science than revelation. It means that man's best and highest good and happiness lies in giving himself to service and usefulness to his fellow men. This is the foundation, broad, altruistic and scientific, of that brotherhood of

man which is silently but steadily advancing throughout the world and is destined to possess and rule it. Its prevalence and practice is the basis, the explanation and the test of civilization.

Why should there be a strained relation among competitors, why should we be so prone to accept and believe the reports that the other fellow is doing something unbusinesslike and uncalled for? It is because of the lack of association and from the lack of personal acquaintanceship, which when formed, brings to light the fact that we are all honest at heart, all trying to do what is right and all just as anxious to make legitimate profits as the other man.

The world is growing better each day and the deeper realization of the brotherhood of man, closer association and a better knowledge of each other, reveals the fact that the world's interests are common, that our life is one. The dawn of this social self consciousness means much to the world and this organization among salesmanagers is to mean much to the business interests of this country.

The assembling together and combining of the best that can be offered by those most qualified to contribute will result in giving us the highest standards of efficiency and will mean much to the business interests of the country. The salesmanagers through their hundreds and thousands of salesmen making their regular visits to every town and hamlet of the country are going to demand a higher standard and a nobler effort. Chicanery and suspicious methods will be forever tabooed.

Commercialism has made association essential. The day of individual effort to discover the technical details of handling men and merchandise is passed. Holding annual meetings of salesmen is practised by the largest and best institutions of the country. If meetings of this character are beneficial, the benefits to be derived by an association of the men who handle the salesmen cannot be denied.

Our association we claim will develop the latent powers of its members by participation in discussions, preparation of papers and standardization of embryonic plans. Why just think of it. Some of the most valuable ideas, some of the best selling plans in the world would be dormant or be utilized in only a very small way if it were not for the incentive offered by the National Salesmanagers' Association, and the clearing house it affords for the benefit of all, and we believe, gentlemen, that eventually the association will be a very important factor in raising the standard of individual salesmen. When the day comes that the salesmen who have betrayed the confidence of their employers are registered with the national secretary of our organization for the information of the members, then the fellow whose salesmanager is an active member of the national body is going to be very careful that his name is not written where it will cause him chagrin, embarrassment or shame.

The association of men engaged in similar work, the exchange of ideas, the opportunity of getting acquainted are very important factors in themselves. There is a real necessity for the National Association of Salesmanagers. It will broaden the individual member and do much to advance and enlighten him in his work.

We appreciate the fact that it takes time to build up an organization that will endure. It is generally a slow process, but when that organization is a voluntary one, the process becomes doubly slow. Men of energy and initiative plus business ability who will devote their talents to the "cause" without remuneration, are of course not easy to find, but we are encouraged in our work. We believe there is a big work for us to do and that there is much room in this country for an organization

such as we have started. We believe that it is good to exchange ideas, to the end that we may all manipulate the human mind in the best possible manner and get the best possible results for ourselves, our concerns and the salesmen we employ. That is the highest aim we seek to accomplish.

The object of the association is mutual welfare and benefit; the elimination of unwholesome and unethical sales practices; the perfecting of selling plans and methods through the medium of a national clearing house; and the circulation among members of suggestions on practical selling methods and organization.

In advancing salesmanship, it becomes necessary besides encouraging the spirit of fellowship, reciprocity and co-operation to analyze properly all conditions bearing upon sales. In pursuance of that analysis the following subjects are discussed:

- The perfecting of selling plans and methods;
- The hiring and training of salesmen;
- The essential characteristics of a successful salesman;
- The organization of a selling force;
- The value of trade-marks in the marketing of goods;
- The extension of credits;
- The elimination of unfair competition;
- The adjustment of trade differences;
- The adoption of a uniform system of cost;
- Accounting among allied trades;
- The value of advertising and its regulation,

and such other subjects as may be introduced by the members.

The practical results to be attained when our organization has reached its fullest degree of usefulness will be the solution of many problems that are now constantly perplexing us; the reduction, also, as we hope, of your labor because of the more scientific accomplishment of the policies you outline for the sales force. In addition to this direct benefit to you as credit men, will come the clarifying of the business atmosphere brought about by higher standards of salesmanship, the elimination of unethical sales practices and the standardizing of methods and sales plans which by experience have been proven to be the most scientific and practical.

Our association will also serve to unify, systematize and accelerate the relationship between the two departments and between the two national organizations. It will serve to provide and maintain the proper balance between sales and credits and will give to our business and professions, a greater dignity, a firmer footing and a much larger measure of a wholesome and healthy feeling of good will.

Now gentlemen, this is what we aim to accomplish and our appeal to your body is for your support. If you feel our proposition is good, you can help us immeasurably by having the salesmanager or the executive in your organization, whose business it is to manage sales, become a member of our National Association. This may be accomplished by dropping a line to our secretary, J. C. Van Doorn, 834 Security Bank Building, Minneapolis. The dues are only three dollars per year, which entitle a member to a year's subscription to the *Salesmanager*, a magazine published monthly containing all papers and discussions before the different divisions of our organization.

You undoubtedly will be interested in learning that divisions have already been formed in Chicago, New York, Minneapolis, St. Paul, Cincinnati, San Francisco, Philadelphia, Duluth and one is now in process

of development in London, England, with twenty-two salesmanagers already enlisted. Our annual convention will be held in Cincinnati, August 24th, 25th and 26th. The program is now being prepared and present indications are that there will be an exceedingly valuable series of meetings. No other opportunity is offered the salesmanagers of the country to consult their colleagues in other cities on the technical questions involved in the sale of merchandise and the handling of men.

Through you, we extend a cordial invitation to the salesmanagers of your institutions to attend our convention, nay more, we earnestly request that you use your influence to see that they do come, accepting our assurance that they will go away enthusiastic and better qualified to meet and solve the many perplexing problems continually confronting the aggressive salesmanager of the present time.

Again thanking you most sincerely for your consideration in giving us this opportunity of telling you of our hopes, aims and ambitions, I wish on behalf of my fellow officers to assure you of our appreciation of the National Association of Credit Men, to wish you an extremely pleasant and profitable convention and to pledge you at all times, our most loyal and enthusiastic support. Gentlemen, I thank you.

President McAdow then announced that as the hour for closing the session had arrived and the time appointed to start for St. Paul was at hand, he would declare a recess until 9.30 o'clock A. M. the next day.

THIRD DAY

Thursday, June 15, 1911.

MORNING SESSION.

President McAdow called to order the morning session of the third day of the convention at 9.50 o'clock, calling upon Dr. S. N. Deinard, pastor of the Hebrew Reformed Congregation of Minneapolis, for the invocation.

President McAdow—We were obliged yesterday to pass the report of the Fire Insurance Committee to this session. We will therefore have this report at the present time, and in the absence of the chairman, Mr. J. Hunter Orr, the report will be read by Mr. B. F. Ezekiel, of Birmingham, Ala.

REPORT OF THE FIRE INSURANCE COMMITTEE.

To the Officers and Members of the National Association of Credit Men.

GENTLEMEN:

In taking up the work falling to the fire insurance department of the Association your committee promptly discovered that its program for the year had been well mapped out by last year's committee. Your committee also found that the advanced position the Association had taken in fire insurance and fire waste problems had given it a large reputation throughout the business community for rendering a service of the highest importance to commerce and the general welfare.

The difficulty which preceding committees have had in getting their work organized in the various local associations has been very nearly overcome during the last year, and it is with much satisfaction that we report that the insurance and conservation work for which our Association stands is not confined to the National office and the National committee, but is being carried on with enthusiasm and considerable originality of method by many of our local associations and individual members. The local associations without a fire insurance committee belong to a small minority, which means that the resolutions passed by the last two conventions urging all associations to appoint such committees have produced the desired results.

Experience goes to show that from whatever angle a disinterested body of men approaches our fire insurance problems, whether as critics of the companies, their adjustments, their methods of rate-making, etc., they are inevitably led to the conclusion that of prime importance is the question of the country's excessive fire waste, compared with which related problems are of only incidental importance. That has been the result in the fire insurance work of this Association, which began with a consideration of policies of insurance and a study of methods of getting retailers properly to insure, and has now become an effort for the cutting down of the fire waste of the country, which has increased since 1880 some 134 per cent. while population has increased 73 per cent.

Besides general educational work, which all who have studied this problem recognize as fundamental and of which mention will be made later in this report, the committee has as best it could sought to carry out two principal recommendations of the previous committee: (1) to get the members of local associations, through their fire insurance com-

mittees, to acquaint themselves with the peculiar fire conditions of their respective cities and work with other business organizations and with local authorities for the removal of serious hazards; and (2) to pursue the study of fire marshal legislation, with a view to drafting a model law calling for the appointment of, and naming the duties of, a state fire marshal.

Both recommendations look to co-operation with state or municipal authorities, and the more one studies the question of reducing fire losses the more satisfied he becomes that the strong arm of the law must be invoked in the demand for better fire protection and fire prevention conditions.

To carry out the first recommendation the committee secured, early in the year, the reports of engineers of the National Board of Fire Underwriters on such cities having local associations as have recently been investigated, being all but five association cities. No one who has given any attention to the subject can doubt the fairness or accuracy of conclusion of these reports. They tell explicitly of ever-threatening hazards of which the vast majority of business men in a city have an altogether inadequate knowledge. The committee, in sending these reports to local associations, urged that local fire insurance committees be called together to examine them and determine what line of betterment for their city they would endeavor to follow, and then bring their conclusion before the city officials. If the preservation of their city from disaster were not enough incentive to stir up activity based on these reports, one would expect that at least civic pride would offer a strong motive to make for a safer city. Though only in exceptional cases, so far as your committee has been informed, has definite action been taken on the engineers' recommendations, it is known that association leaders in a few cities were awakened on reading their reports. However, even if there had been no response, the committee would not have felt there was any reason for discouragement. They simply would have realized that they were dealing with the sort of problem in which it always takes a large amount of time to overcome inertia and indifference. The committee has tried to show the local associations that in burying without action the reports of the underwriters' engineers upon their respective cities, they are robbing themselves of perhaps the best chance that ever will come to a body of business men to strengthen their city commercially, and protect it against the constantly threatening fire hazard; and the committee is confident that this appeal is going to become irresistible with every local association of credit men as time goes on. There is no association of credit men in the land but can get action from city authorities on any reasonable demand for better protection which they choose to make.

Two cities have waked up and taken definite action for improvements—El Paso, Texas, and Jacksonville, Florida—in both of which it is reported that business men are thoroughly alive to the necessity of making their cities safe, and are going to work vigorously to place them in the front rank in matters of fire protection.

The committee is glad to report that substantial progress has come from its agitation for state recognition of our great fire waste through the extension of state fire marshal departments. In the first place there has developed among business men who have given any thought to the question, a recognition of the usefulness of such department, so that the Association's arguments for establishing it have without exception been well received. Commissioners and

superintendents of insurance in several states have come out in advocacy of establishing a fire marshal department, notably in Missouri, Illinois and New York; and in the last two named states special commissions, appointed to make a study of the whole situation as regards insurance and especially insurance rates, have not only recommended fire marshal legislation but advised that the law be so framed as to give the marshal ample powers to eliminate conditions which endanger the life and property of a community.

Through Secretary-Treasurer Meek the Association appeared, in January, before the Legislative Investigating Committee of the State of New York to tell of our interest in the fire waste problem, and to urge particularly the necessity of a fire marshal law being placed on the statute books of the state. Upon these recommendations the Investigating Committee acted favorably, and at its suggestion a model fire marshal measure was drawn up and submitted to the legislature, receiving not only the Investigating Committee's approval but that of the Superintendent of Insurance. The National office issued a pamphlet setting forth the measure and the many arguments for its adoption, laying special stress in the appeal to legislators upon the economies which its passage would bring to the people of the state in the matter of fire waste and premium rates. The pamphlet was given wide circulation throughout the state and was quoted from by the press in other states. At the time of writing the lower house had acted favorably upon the measure and it had been reported out of the Senate committee on insurance with excellent chances of passage by the upper body.

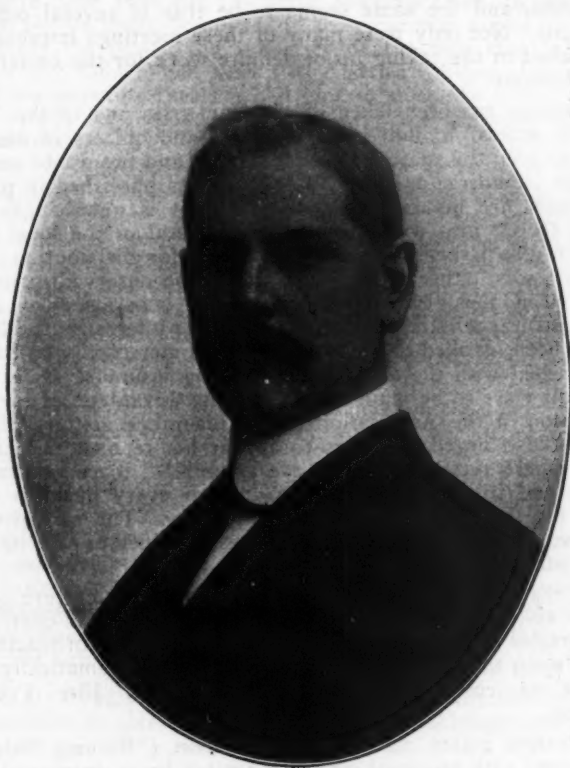
During the past year fire marshal bills were introduced into the legislatures of Colorado, Indiana, Iowa, Kansas, Michigan, Missouri, Montana, New Jersey, New York, North Dakota, Oklahoma, Oregon and Pennsylvania, in five of which states—Iowa, Michigan, Montana, Oklahoma and Pennsylvania—the demand for the law was successful.

In Colorado both senate and assembly passed a fire marshal bill with comfortable majorities, but for reasons which we have not learned, the governor saw fit to veto the bill.

We believe the above recital will make clear that our efforts in this direction have been exerted with marked success. We believe we never have failed also to secure for the measure the endorsement and support of other business bodies. And therefore the ground is well prepared for continued efforts by the committee which is to take up our work for the extension of fire marshal's departments.

Our connection with the National Fire Protection Association, authorized by the last convention, whereby your Secretary-Treasurer became a member of the executive committee of that organization, has proved of much advantage. The two associations have found that they can supplement each other's efforts most effectively: first, because it is well recognized that the two organizations are throwing their energies into this great national question of fire loss in a strictly disinterested spirit; second, because the National Fire Protection Association approaches the question essentially from the technical standpoint, the National Association of Credit Men from the financial standpoint, the former association needing just such a well organized national body as our own to bring the public into sympathy with their findings, and the latter organization needing the accurate, authoritative information of the whole situation which the Protection Association is able to give.

During the past year your committee arranged an itinerary for Secretary Franklin H. Wentworth of the Protection Association, during the course of which he addressed meetings arranged by local associations at Rochester, Buffalo, Pittsburgh, Toledo, Detroit, Chicago, Indianapolis, Cincinnati, Memphis, Nashville, Atlanta, Lynchburg, Richmond, Norfolk, Philadelphia and Baltimore. His wonderfully lucid and interesting presentation of the dangerous fire conditions of our American cities created a profound impression during his entire trip. The series of addresses made probably the



J. HUNTER ORR

Orr, Jackson & Co., Nashville, Tenn.
Chairman, Fire Insurance Committee

greatest educational campaign on this subject ever conducted. President W. H. Merrill of the same association also addressed local credit men's associations in California.

Our connection with the National Fire Protection Association has also suggested the distribution of the instructive leaflets issued by the Protection Association such as those on "Warehouses and Mill Construction," "The Installation of the Sprinkler System," "Dangers in Connection with Holidays and Holiday Decorations," and "Gas

and Gasolene Engines," all of which brought the National office appreciative responses.

Besides the local association meetings at which Messrs. Merrill and Wentworth were the principal speakers, practically all the local associations during the year have held meetings at which insurance was the principal topic, addresses being made by some of the most prominent students of the subject in the country. A meeting devoted strictly to the subject of insurance, held during the past spring by the New York association, called together the largest number of members and the most enthusiastic meeting ever gathered by that organization, and the same seems to be true of several other local associations. Not only were many of these meetings impressive, but they resulted in the taking up of definite work for the betterment of local conditions.

Advantage has been taken of the BULLETIN, and of the "first-of-the month letters" to individual members and officers of local associations, to keep the subject of fire insurance and fire waste constantly before our members; and the Association has published in pamphlet form several fire insurance articles which it is unceasingly urging members to put into wide circulation. Several of the local associations have also issued letters and circulars for distribution in their trade territories, either regarding points to be observed in insurance policies or in the general subject of the importance of carrying sufficient insurance. In two or three cases the interest of the National office has been invoked to arouse some retail merchant who has never been impressed with the necessity of carrying insurance to take action if his credit were to be maintained. Taking advantage of the prominent position of the Association in fire insurance matters, the committee has also urged members to appear before meetings and conventions where retail merchants are assembled, to call attention to insurance and to show what is the duty of every business man in reducing the hazards of his particular locality. The committee has, during the year, taken pleasure in suggesting lines of talk to several members planning such addresses.

The matter of popularizing the growing literature on fire insurance and fire waste problems by securing the co-operation of public libraries throughout the country to the extent of placing such literature upon their shelves, has been taken up systematically by the committee in co-operation with the National Fire Protection Association.

The leaflets gotten out by the Association ("Burning Subjects"), while received with universal approval, are not being distributed by the general membership as liberally as the Association had the right to expect. In order to secure as low a price as possible for the members who would undertake the distribution of these pamphlets, a large order for the six numbers of the series was placed, and local associations and members generally should respond heartily to the plan which the Association had in mind in going to the great trouble and expense of preparing and publishing these excellent leaflets. The Louisville association, in conjunction with the Kentucky State Fire Prevention Association, has published these six leaflets under single cover to the number of 25,000 copies for distribution to retail merchants and manufacturers throughout the state, and we believe that in other states the fire insurance committees of local associations could, by co-opera-

tion with other business bodies, do much to educate the public in these matters by making a joint arrangement for the distribution of these pamphlets. In fact, your committee has been in correspondence with fire prevention associations of several states, and recommends that the incoming committee endeavor to bring about in as many states as possible joint educational effort between state fire prevention associations and local associations of credit men.

In the beginning of this report we spoke of the originality of thought which some local associations are putting into the work of the Fire Insurance Committee. For example, as this report was being written there came from the Lexington association the suggestion that the motion picture might be utilized to show common causes of fire and impress upon the people the simplicity of the task that belongs to every man and child to put a stop to America's disgraceful record of waste. Your committee has not had time to study the merits or practicability of the suggestion, and refers it to the incoming committee for consideration.

Finally, the committee commends the work of the Fire Insurance Committee to all members as being second in importance to no other department. Compared with the losses which come annually from commercial failures, the fire loss is recognized at once as of considerably larger amount and as having a much more serious effect economically upon the country; and without diminishing efforts in any other direction, your committee desires to urge with all the force at its command that the whole Association double and redouble its efforts during the coming years to the end that the dangers of fire and conflagration be steadily reduced.

In conclusion we offer for your consideration the following resolutions intended to sum up our insurance work for the year and map out that of the future:

I.

"Resolved, That the National Association of Credit Men in convention assembled, recognizing that the present conditions of fire insurance and fire waste are imposing an unwarranted and unnecessary burden upon our people, makes an earnest appeal to its members and particularly its affiliated branches to double and redouble their efforts to secure relief from these conditions;

First, By using every means at hand and especially the literature of our Association to give the public in general a thorough understanding of the problems;

Second, By making a conscientious study of local hazards especially as cited in the reports on cities and towns as issued by the engineers of the National Board of Fire Underwriters and, acting upon them, demand of the municipal authorities that such hazards be reduced or eliminated;

Third, By endeavoring to secure in every state the enactment of a fire marshal measure modeled as closely as possible upon the bill as introduced, largely through the instance of this Association, in the legislature of the State of New York;

Fourth, By keeping in touch with the state departments formed under the fire marshal laws with a view to securing from them the highest possible efficiency;

Fifth, By co-operating with other organizations, such as State Fire Protection Associations, formed to reduce the losses of their respective states."

II.

"Resolved, That this Association is deeply appreciative of the advantage which has come from the close relationship it has formed with the National Fire Protection Association, realizing that such connection has helped our Association in laying before the members and the public in general with greater intelligence and effectiveness, very definite and vital facts regarding fire causes and methods of removing common causes of the fire waste."

Respectfully submitted,

B. F. EZEKIEL,
HENRY G. BARBEE,
T. M. EARL,
B. F. SCRIBNER,
J. HUNTER ORR, *Chairman*.

President McAdow—The report and the resolutions are before you. The question will be upon the adoption of the report and resolutions.

On separate motions duly seconded the report and the two resolutions were then adopted.

President McAdow—Mr. Meek authorizes me to say that since this report was printed the fire marshal measure introduced in the legislature of New York has been adopted by both houses, and the governor has indicated his intention of signing it. (Applause.)

Mr. Louis Fleisher, Philadelphia—The governor of Pennsylvania has signed the fire marshal measure in that state and it has become a law. (Applause.)

Mr. Adolph Landauer, Milwaukee—I would like to offer the following resolution:

"WHEREAS, The laws of the several states of this country differ materially in the manner of adjusting fire losses, be it

"Resolved, That the Fire Insurance Committee be instructed to endeavor to have passed in all states of the Union a law for the prompt adjustment of fire losses, with a view to doing away with those vexatious delays now so common."

Seconded.

Mr. Landauer—I would like to make clear what prompted me in offering this resolution; and if I am personal in the matter you will understand it after I have told you the experience that I have had within the last three months, regarding fires. On the 16th day of March, 1911, my neighbor to the right occupying the building adjoining me, had a fire, and my stock was damaged to some extent. Before an adjustment could be made my neighbor to the left, on the 24th day of March, had a very disastrous fire, causing the loss of five lives and the destruction of his entire building. Immediately after the fire we had an inventory taken, our stocks being badly damaged, and we submitted it to the adjusters.

After a delay of about two weeks the gentleman in charge of the adjustment bureau in Milwaukee made an appearance, looked at the stock for about ten minutes and walked out. That was the last I saw of him for a week. When I tried to hurry him along to settle the matter I could not get him to move. He was too busy—and in the meantime I was put out of business.

I finally learned that our ideas as to the loss that had occurred differed so much that no adjustment could be reached; and under the laws prevailing in the State of Wisconsin, I applied for arbitration.

Now, arbitration is the highest law of the world; and I was very well satisfied to treat the matter by arbitration. But here comes one fault in the law of our state—I do not know how it is in other states—but in Wisconsin insurance companies have thirty-five days' time to select their arbitrator! And the man in charge of the bureau at Milwaukee waited until the evening of the thirty-fifth day before finally appointing his arbitrator. My appointee met his, and after a good deal of wrangling they proceeded under the law to select an umpire; the men in charge of the arbitration did their duty, went through the stock, spent twelve days at it very carefully, and finally rendered a verdict not only for the amount that we claimed but more than \$2,000 over and above that sum.

I thought I was done with them, but I did not know the law. The law provides that after the verdict of the arbitrators, which is not appealable, is made, the companies take another thirty days' time in which to decide whether they will pay the loss or pay for the entire stock. In other words, they can put a man out of business three months before getting a decision. In my case, after a delay of another fifteen days, the company finally decided to take the stock and pay for it. If it is possible for the committee to get such laws changed, I think it would benefit every member of this Association. That is the reason I offer this resolution, and I now move its adoption. (Great applause.)

Motion unanimously carried and resolution adopted.

Mr. Sam Blum, New Orleans—I would like to have the attention of this convention for a few moments. I want to state to the convention how New Orleans minimized its fire waste and secured a reduction of rates in the congested district—that is, the commercial district. We recognize that the fire waste of this country is the greatest menace existing to the business interests of our country. It takes out of the channels of business millions of dollars, and we business men pay the penalty. Some two or three years ago the National Board of Fire Underwriters came to New Orleans and made an inspection of our conflagration hazard. After submitting their report to the insurance companies of New Orleans, the insurance companies turned the matter over to the municipality. The mayor realizing the seriousness of the report, submitted it to the New Orleans Board of Trade, and in turn they submitted it to the municipal committee, of which I am the chairman.

We undertook to make an investigation as to how to reduce the fire waste in New Orleans; and, in addition to that, how to secure a reduction of rates in the congested district, or, in other words, the commercial district. We invited the insurance companies, we invited the chief engineer of the fire department, we invited the fire prevention bureau, to appear before us in order to acquaint us with the general conditions of our city. In addition to that we secured data of the leading cities of this country in order to find out the basic rate, or, in other words, the key rate and exposure charges.

In order to get a reduction of rates and minimize the fire waste in our city, we requested the city government to increase its fire apparatus, fire appliances, and increase the efficiency of the fire department. We also had a water plant established, second to none in this country. As

a result of all this, we secured a reduction of 17½ cents on contents in the business district and 22½ cents on buildings. We are now promised, because of the fact that we are going to erect or construct in the business district a central fire station, that we are going to receive 27½ cents on buildings and 22½ cents on contents; and we believe that it is only a question of time when we will make the city of New Orleans, as we term it in fire insurance, an ideal city.

I merely throw these suggestions out in order to show what can be done to minimize the fire waste and get a reduction of rates. And I want to say that now any fire occurring in the commercial district is usually confined to the building in which it starts.

Mr. Curtis R. Burnett, Newark—I would like to ask that there be incorporated in this report a note that Mr. Wentworth was brought from Boston to Newark previous to the itinerary mentioned in the report, at the expense of the Newark association, to talk to us on his great subject; and in addition to that, as a matter of general information, *Insurance Engineering*, a trade magazine of New York, has published a two hundred page hand-book, giving all information on Newark as to the fire loss, the state laws applicable to the city, and fire fighting and prevention appliances. They intend to get out such booklets, so the editor says, on other cities in the country, but they selected Newark first, and extended to the Newark Association of Credit Men the compliment of asking them to write the introduction to the issue.

President McAdow—If there is no further discussion we will pass to the address of the morning. We are most fortunate in having with us a man who, I am sure, will not object to being called a credit man. It was most fortunate for the Chicago association that he presided over its original meeting when it was organized and that he was for some years our treasurer.

Because of his high standing in the world of finance, because he has been in close touch with the work of the National Monetary Commission, I am sure that what he will have to say upon the plan of that commission will be of great interest to us.

It is a matter of great personal pleasure to myself to be able to introduce at this time Mr. J. B. Forgan, president of the First National Bank of Chicago. (Great applause.)

MONETARY LEGISLATION AS SUGGESTED BY THE NATIONAL MONETARY COMMISSION.

Address by J. B. Forgan, Chicago, Illinois.

Mr. President and Gentlemen of the Convention:

Our present banking system has been designated by Andrew Carnegie as the worst in the world.

He did not say, nor would it be true, if he or any one said it, that we have the worst banks in the world. American banks are as intelligently, as conservatively and as successfully managed as any banks in the world. Nor are their methods individually subject to criticism or censure.

The panics which we periodically experience cannot be attributed to any looseness of method or lack of conservatism on the part of our individual banks, but are entirely due to our lack of a proper banking system, which would make it possible for our banks to protect themselves and their customers.

Our national banking law was not enacted to provide the country with a banking system, but as stated in the first sentence of it, "To provide a national currency secured by a pledge of United States bonds." It was a war measure to establish an artificial market for government bonds. This was its real purpose and the enfranchising of the national banks was merely a means to that end. National banks were required by it to purchase government bonds as a prerequisite to their existence. The necessities of the banking business received only the casual and secondary consideration of Congress. It is not surprising, therefore, that we have a defective banking system.

I will point out some of its defects and will endeavor to show you how they would be corrected through the operation of the financial plan suggested by Senator Aldrich.

The first of these defects to which I will draw your attention is the practical impossibility of uniting so large a number of banks, or any considerable portion of them under a common policy of action, such as might, under unfavorable business conditions, avert anticipated financial trouble and allay the public distrust produced by it; in other words, the lack of co-operation or cohesiveness among the units of the system.

This defect the National Monetary Commission proposes to correct by organizing the banks into local associations of not less than ten members, whose capital and surplus shall aggregate not less than \$5,000,000. These local associations are to be grouped into fifteen divisions to be known as districts. In each district shall be established a branch of the National Reserve Association. All banks members of local associations shall be stockholders in the National Reserve Association to the extent of 20 per cent. of their individual capital; one-half of this stock to be paid at once in cash, the balance to remain a liability subject to call. By an ingenious and equitable method of electing directors of the local associations and through them the directors of the district branches and again through the branch directors, the directors of the National Reserve Association, the banks obtain control of the personnel of these boards, except that the Secretary of the Treasury, the Secretary of Commerce and Labor and the Comptroller of the Currency are *ex-officio* members of the Board of the National Reserve Association. The banks, which are the only shareholders of the National Reserve Association, will thus elect its directors, who in turn will appoint its executive officers and they will have supervision over the individual banks, directing their general policy and protecting and controlling their legal reserve money. Examinations of the individual banks are to be made for the use of the executive officers of the National Reserve Association.

Thus, first, through the local associations, then through the district branches, and finally, as a court of last resort, through the governor and directors of the National Reserve Association in Washington a supervision of all the banks will be maintained and unity of action among them will not only be made possible, but will be practically enforced without infringing on the proper prerogatives of any.

The second defect to which I will direct your attention is the extravagant and wasteful use of reserve money caused by the requirement that each bank must individually control its own legal proportion of it. Under this requirement the gold and legal tender money of the country is divided into as many separate portions, under as many different controls, as there are individual banks. The greater the number of banks the more apparent the evil of this condition becomes. The result is that the legal reserve money of the country, which might be massed for the benefit

and protection of all, as is done in banking systems worthy of the name, is distributed for the ineffective, individual protection of each. Even under normal conditions the effect of this distribution of reserve money is injurious to financial and commercial affairs. It affords no equilibrium between the fluctuating commercial demand for money, or credit instruments, and the supply of these commodities through the banks. In times of financial stress it becomes evident that our legal reserve money when so distributed, although the aggregate amount of it is undiminished, is quite ineffective in protecting the banks individually and a general collapse of the system becomes imminent.

The responsibility placed upon each bank of maintaining and defending its own fixed portion of reserve money, not only makes co-operation under normal conditions, practically impossible, but on the first suggestion of financial trouble throws them into a state of complete demoralization, each one striving, in competition with all the rest, for the reserve money deemed necessary for its individual survival. Then it becomes evident that we have no banking system worthy of the name and the condition prevailing could best be described as a strenuous case of "the survival of the fittest" and "devil take the hindmost."

Just when, under a properly organized system, the banks would be looked to as the mainstay and support of a doubtful business situation, for lack of such a system, they fail miserably to inspire the public confidence that should be reposed in them and fail even in the performance of their ordinary functions. They disintegrate when they should coalesce. They display individual weakness when they should demonstrate united strength in face of the common enemy—public distrust. In fact, their inability to co-operate produces public distrust.

Their individual scramble for reserve money withdraws it from the centers and widely distributes it just when it should be concentrated for a demonstration of strength. Furthermore, lacking the strength, begotten of unity, and fearing that such individual strength as they may have will soon be exhausted, banks, at such times, reduce loans and almost discontinue the performance of their principal function, that of exchanging credits with the business community. Thus, under unfavorable business conditions, they become the cause of panic, instead of being able, as they would be under proper organization, to render the assistance necessary to allay fear, tide over temporary difficulties and prevent the financial upheavals, to which we have become so accustomed that we regard them as periodically inevitable.

As a remedy for this defect in our present system the plan of the National Monetary Commission suggests the massing of the cash reserves of all the banks in the National Reserve Association. With an ample privilege of issuing its own notes as a substitute for legal reserve money the plan suggested would, in my opinion, afford full protection of the reserves so massed.

Someone has said that the "lawful cash reserves of a proper banking system should consist of one large reservoir of gold, the fluctuations in the amount of which should cause only a ripple on the surface." Under our present system we have a multitude of small reservoirs among which, even under normal conditions, there is a continuous movement of reserve money from one to the other which causes considerable more commotion than a mere "ripple on the

surface." Whenever alarm overtakes us this commotion develops into a violent storm, which depletes and threatens to empty the large reservoirs at the country's financial centers. Public confidence is shaken as the contents of these main reservoirs diminish and widespread panic follows. The massing of the cash reserves in the National Reserve Association and the power it will have to protect them when so massed by issuing its notes as substitutes for lawful money will correct this defect of our present system.

The benefit to the public from this arrangement will be that a new criterion will be established by which the strength of the individual banks will be judged. They are all to have the privilege of re-discounting their short time bills receivable with the National Reserve Association which will afford them a means of converting their liquid assets into available cash. As to their strength, the question will be, What proportion of each individual bank's assets is in condition to be so converted? The proportion of a bank's assets available for re-discount with the National Reserve Association, not the small amount of legal reserve money it carries, will determine its strength and standing.

Under such an arrangement a well managed bank with its loans in proper liquid shape will be invulnerable against false fears and the runs begotten of misinformation. It will establish public confidence in the individual banks to have it known that they can get such assistance as they are entitled to when they need it; that when their deposits fall off or their available cash runs low they will be able to convert their liquid assets promptly into a legal reserve balance, from which they can have shipped to them as wanted a circulating medium as good as gold. All this may be done without interfering with the legal reserve money massed in the National Reserve Association for the protection of the general situation. There will be no occasion for well managed banks to become panic stricken, to call in loans and scramble for reserve money, each in the vain hope of strengthening itself at the expense of the others.

This feature of the proposed plan appeals to me with especial force.

A large part of my banking experience has been under the branch banking system. I have been deeply impressed with the fact that bank panics, or panics in the minds of the public in regard to their banks, are unknown in countries where the branch banking system exists.

This has led me to investigate the cause of panics under our system. I have been forced to the conclusion that one of the principal causes is the requirement that our banks must maintain a legally fixed percentage of lawful money against their deposit liabilities. This amount of lawful money held by each individual bank becomes erroneously fixed in the public mind as the measure of its stability to liquidate its deposits.

For example, a bank with \$100,000 deposits is required by law to keep on hand \$6,000 in lawful money. Its depositors measuring its ability to pay its deposits by this small percentage of available money to its total liabilities, whenever anything occurs foreshadowing financial trouble, local or general, naturally take alarm and promptly decide that they will be among those who can get their money out of the 6 per cent. cash on hand while it lasts.

No such thought disturbs the mind of a community whose banking facilities are supplied by a branch of a bank with large cash reserves at its head office. The thought of the local customers of a branch bank is not directed to the amount of lawful money it may carry in its vault. From time to time they see the statements showing the condition of the central bank, of which the local bank is a branch and they realize that

within twenty-four hours there could be shipped from the large cash reserves it carries sufficient money to pay all the deposits at the branch. They are only concerned in having the branch keep on hand sufficient acceptable circulating medium for the payment of their checks as they are presented. This the branch bank does by carrying a sufficient supply of the parent bank's notes for the purpose. It requires only such lawful money in small denominations as is needed by its customers for small change.

Under the proposed plan the minds of the local depositors in our individual banks will be diverted from the small lawful cash reserve they carry to the fact that they are connected with the National Reserve Association which maintains and controls for them their lawful money reserves and stands ready to supply them with its acceptable circulation against balances at their credit with it, which balances can be maintained by re-discounting their short-date paper when necessary.

The public will realize that the banks have in the National Reserve Association a source on which they can rely for the supply of currency and for the conversion of their liquid assets into such currency when they need it. The plan suggested will therefore afford our banks the principal advantages of the branch banking system without surrendering their individuality of ownership, their interest in local affairs, or the control of their local business, all of which they have through their local boards of directors and officers appointed by them. In this respect our new system will be superior to the branch banking system, for one of the principal objections to the branch banking system is that the bank directors sit at the head central office and appoint strangers having no direct interest in or connection with the local interests of the communities in which they do business.

The massing in the National Reserve Association of the legal reserve money of all the banks will correct another erroneous impression now entertained by the public. New York being the financial center of the country the figures of the weekly statements of the New York Clearing House banks have erroneously come to be regarded by the public as an index of conditions in the country as a whole. Not only is this so, but in foreign countries the banking power and strength of our entire country is erroneously measured by the partial and incomplete figures published weekly by the New York Clearing House banks. These figures have been partial and incomplete even as they have indicated the banking power and strength of the metropolis of the country. Recently the New York Clearing House has expanded its rules so as to admit the trust companies to membership and hereafter the figures of the trust companies that become members will be included in the weekly statements of the New York Clearing House banks. To this extent the figures of these statements will be corrected and will form a better index of conditions at the financial center of the country, but they will not even approximately reflect the actual condition of the banks of the country in regard to their cash reserves against their total liabilities which alone would be a true index of country-wide conditions.

When however the National Reserve Association assumes the custody and undertakes the maintenance and control of the cash reserves of the banks of the country its weekly statements will form a reliable index of the country's financial condition. Moreover the National Reserve Association will be in a position to influence and regulate, if not

to control, the country's financial condition as it changes from time to time in response to changing commercial conditions.

The next defect to which I will draw your attention is the great waste from an economic standpoint caused by the direct use of so much legal reserve money in ordinary business transactions. Our system provides no substitute for legal reserve money except government-bond-secured-bank-notes, which are as inflexible and as irresponsible to fluctuations in the commercial demand for circulating medium as legal reserve money itself.

To correct this defect it is proposed that the National Reserve Association shall be given the exclusive privilege of issuing circulating notes, except that the national banks may maintain their present note issue without the right to increase it. This, however, they are not likely to do when they fully realize the advantages to be derived by the adoption of the plan suggested. The till money of the banks, outside of the government one and two dollar bills and silver for change, will consist almost entirely of the circulating notes of the National Reserve Association soon after the plan is adopted, and the clearing house balances of the country will be settled in the large denominations of these same notes. They will also be issued for general circulating purposes, including payrolls, and the moving of the crops. The demand for them will fluctuate with the seasons. When crops are being moved the demand for circulation will be at its height and the maximum amount for which legitimate use can be found will be reached. At such times the banks will have to support their reserve balances with the National Reserve Association, against which they may have currency shipped to them, by rediscounting their available paper. As the business demand for circulating notes declines, they will return to the banks and through them to the branches of the National Reserve Association for credit on deposit. Simultaneously will mature the rediscounts on which the increased issue of notes was based. Thus, when circulating notes are shipped out, there will simply be a change in the form of the National Reserve Association's liabilities from that of deposits payable on demand to that of demand notes outstanding. When they return the transactions will be reversed, without in either case changing the proportion of lawful money on hand to the total liabilities of the National Reserve Association.

The lawful money reserve of the National Reserve Association will be but slightly affected by its domestic business transactions. So far as they are concerned, its cash reserves will remain practically stationary, except, of course, as they may increase with the growing business and wealth of the nation. Its total liabilities will fluctuate as its rediscounts, prime acceptances purchased, or its other permissible investments fluctuate, and the aggregate amount of these it will control and regulate in accordance with the percentage of lawful money it has on hand as legal reserve against its liabilities. Any "ripple on the surface" of its lawful money reserve will occur principally through the export or import of gold in connection with the settlement of foreign balances in accordance with the fluctuating balance of trade between this and foreign countries.

Even this, however, will be exceptional, for under normal conditions the National Reserve Association will largely adjust the fluctuating balances of our foreign trade by dealing in foreign exchanges, buying foreign bank acceptances, investing in foreign securities and maintaining large balances at its credit in foreign banks. Its holdings of these foreign securities and its balances in foreign banks will be increased or reduced as our trade balances fluctuate in our favor or against us. It will thus

become a potent factor in international commerce and in international investment securities and will exercise a steadying effect on the foreign exchange market.

There remains for consideration two important features of the plan, which of all the problems connected with it will probably be found to be the most difficult of solution. These are the disposition of the 2 per cent. government bonds and the extension of the benefits of the new system to the state banks and trust companies. On the practical solution of these problems will depend the solvency of the National Reserve Association and the solidarity of the national banking system.

In connection with the government bonds it is proposed that the policy of the United States will hereafter be "to retire as rapidly as possible, consistent with the public interests, bond secured circulation and to substitute therefor notes of the National Reserve Association," which will be covered partly by an adequate lawful money reserve and partly by bonds of the United States, or bankable commercial paper, or both. For a period of one year the National Reserve Association must offer to purchase at par and accrued interest the 2 per cent. bonds now held by the national banks and on taking them over will acquire the privilege of issuing circulating notes. "There is to be no further issue, beyond the amount now outstanding of bank notes by any national bank. National banks may, if they choose, maintain their present note issue, but whenever a bank retires the whole or any part of its existing issue it will permanently surrender its right to reissue the notes so retired."

This means that the national banks will ultimately surrender their government bonds and with them their present note issuing privilege which will be enjoyed exclusively thereafter by the National Reserve Association. Before the government issued these bonds it had provided for them by the passage of the National Bank Act, an artificial and privileged market among the national banks, and when any bank *now* desires to dispose of them the same market is available to it. At the present time each of the 7,250 national banks has in the other 7,249 banks probable purchasers of its government bonds, because they all have the privilege of issuing notes against them. Concentrate, however, in one institution all the 2 per cent. government bonds and the exclusive right of issuing notes against them and there remains outside of it no privileged market for them and no market at all other than a strictly investment one. No outside purchaser of government bonds would have any occasion to buy them except for simple investment. The present artificial and privileged market would be completely annihilated.

The National Reserve Association is to have the doubtful privilege after two years of disposing of them at the rate of \$50,000,000 annually with the approval of the Secretary of the Treasury. Having no fixed date of maturity government bonds are in the form of a perpetual investment. To market them on a $2\frac{1}{2}$ per cent. income basis would reduce their value by 20 per cent. and on a 3 per cent. basis by $33\frac{1}{3}$ per cent. If, therefore, the National Reserve Association should take over \$700,000,000 of these two per cents. at par it would hold in them an asset, the realizable value of which, in any possible open market for them, would be $33\frac{1}{3}$ per cent. less than it paid for them. This depreciation would amount to \$233,000,000 or more than twice the amount of the paid in capital the Association would have when it began business.

I have said that this is a difficult problem to solve, but clearly understood and squarely met it is not an insurmountable difficulty. I have stated the problem bluntly to attract attention to it and to demonstrate the fact that it must be solved prior to, or simultaneously with, the organization of the National Reserve Association, otherwise the national banks will not subscribe for the stock.

What then is the solution of the problem? It is proposed that "if the government should adopt the policy of issuing securities at a higher rate of interest than 2 per cent., the National Reserve Association shall have the right to exchange at par the government bonds which it may have acquired from the national banks, previously held by them to secure circulation, for any bonds bearing interest at a rate not exceeding 3 per cent." The government has already adopted the policy of issuing bonds at 3 per cent. without the note issuing privilege attached to them, so to that extent the way is opened for this refunding proposition.

There are several reasons why the government should refund these bonds. A valid reason is that every class and every interest in every section of the country will participate in the benefits of having our national banking system placed on a solid and efficient basis. The plan proposed will accomplish this and refunding the 2 per cent. government bonds on an investment basis is an indispensable part of it.

Another good reason for the refunding is that it will cost nothing. The profits of the National Reserve Association will be large and after 5 per cent. is paid to the stockholders and provision is made for a reasonable surplus they all go to the government. 1 per cent. more income on the government bonds will just add that much to them. The government will therefore be practically paying out money for additional interest with one hand and taking it back in the form of additional profits with the other.

Another equitable reason is that while the artificial market for the bonds has existed the government has had the advantage of floating its debt at 2 per cent. and the distinction of having its 2 per cent. bonds selling at a premium, a rate and a distinction enjoyed by no other national government in the world. It has received as high as 4 per cent. premium on the original issue of some of these bonds and it cannot now afford to allow them to fall in price to their actual investment market value, when there is a simple and inexpensive way of preventing it.

The next problem is how to extend to the state banks and to the trust companies doing a banking business the privilege of membership in the local associations and the benefits that will accrue to banks dealing directly with the National Reserve Association.

That these state institutions must in some way participate on equal terms with the national banks in all the benefits of the proposed plan seems to me inevitable. Unless they do, the defects in our banking methods which are as germane to state as they are to national banks, will continue to exist among the great majority of our banking institutions. There is no greater solidarity in the one class than in the other. In times of financial stress state banks participate with the national banks in the struggle for cash reserves.

When the National Bank Act was passed the Federal Government prevented the state banks from issuing circulating notes and thereby removed the means they formerly had of protecting their lawful money reserves. Since then they have had to resort to the use of lawful money

in their counter transactions. They have had no substitute for it other than national bank notes.

All the defects of the national system are much in evidence among the state banks and any plan that does not include the great majority of state institutions in its benefits will do less than half the good it otherwise might. To accomplish the beneficial results that are expected from the plan, practically all the banks of any importance, both national and state, should co-operate through it and all qualified to meet the necessary requirements should in some way be brought into it.

Unless this is accomplished conflicting interests will continue in the banking business which will seriously interfere with the operation of the plan and greatly detract from its benefits to the public.

It would be ideal to have the banking business of the country all done under one national system. So long as we have forty-six states, however, with the right to enfranchise their own banks, to regulate them under their own jurisdiction and to make their own banking laws, it will not, I fear, be practical to bring the state institutions, or any considerable number of them, into a national system. On June 30, 1910, the last date on which a comparison can be made, we had 7,145 national banks and 15,950 state banking institutions; the former controlled \$7,257,000,000 deposits, while the latter controlled \$10,321,000,000. These figures disclose the difficulty of the problem and demonstrate the fact that again it is a condition and not a theory with which we have to grapple.

It has been suggested that the National Bank Act might be liberalized so as to permit the reincorporation of state banking institutions under it with power to carry on, within somewhat more restricted limits, their present classes of business. It does not seem to me that it would be advisable to attempt to so liberalize the National Bank Act that the state banks would be induced to surrender their state charters and reincorporate under the National law. To arrive at an intelligent conclusion as to the probability of their so reincorporating, one would have to be familiar with the forty-six different banking laws under which they now do business.

Very few of the state laws provide for fixed legal reserves against deposits, some of them make provision for the mutual guaranty of deposits, recent developments in connection with which, however, would indicate that this provision would drive state banks into the national system rather than keep them out of it.

It would be necessary, it seems to me, for the autonomy and comprehensiveness of the proposed plan that the greater part at least of the state banking institutions should in some way become parties to it. The National Bank Act might be liberalized so as to enable national banks to compete on more equal terms with the state banks in some lines of business from which the former are at present precluded. At the same time specific requirements might be made in connection with the organization of the local associations and of the National Reserve Association for the privileges of membership in the former and of shareholding in the latter. Those requirements should be such as would assure the standing of the state banks, to which these privileges of membership and of shareholding might be extended. Irrespective of the state laws, these requirements might cover the maintenance of a sufficient legal reserve on practically the same basis as that required of the national banks. They might provide a minimum of paid in capital and for the sending of the state examiners' reports to the executive officers of the National Reserve Association. They might even go

so far as to require the submission by the state banks to examination by national bank examiners or by special examiners appointed by the National Reserve Association. In localities where clearing houses have their own examiners the reports made by them could be made available to the National Reserve Association, or the system of special examinations might be so arranged as to have the clearing houses and local associations co-operate in it.

With membership in local associations and the benefits of becoming stockholders in the National Reserve Association protected in some such ways as these, there is no reason, that I can see, why state banking institutions should not be allowed to come into and



L. B. McCAUSLAND
Ross Bros., Wichita, Kan.
Director

enjoy all the benefits of the proposed plan without surrendering their state charters. Their individual qualifications and not their charters should be the test of their fitness.

President McAdow—We will now receive the report of the Adjustment Bureau Committee, which will be presented by its chairman, Mr. S. J. Whitlock, of Chicago.

REPORT OF THE ADJUSTMENT BUREAU COMMITTEE.

To the Officers and Members of the National Association of Credit Men.

GENTLEMEN:

In a very general sense, our adjustment bureaus, during the past year, have enjoyed a degree of progress equal to, if not exceeding, that of any other department of Association endeavor. And this is noticeably true of those bureaus that have followed most closely the lines laid down by the founders of the movement.

In a few instances the attempt on the part of local associations in smaller cities to maintain a bureau has not been successful, in a number of places the bureaus have held their own, while the majority have forged ahead substantially, both in the volume of work undertaken and in the results achieved. In the larger cities, where the field is ample, the increase has been remarkable. Figures taken from reports furnished the National office on cases closed, show divided returns to creditors probably far exceeding the expectations of those who first dreamed of adjustment bureaus or ventured to project plans for their formation.

Your committee finds that the purposes of our bureaus have become almost universally known and appreciated, and that their command of co-operation has been extended to a wonderful degree. This gratifying condition is no doubt in large measure due to the educational effect of increased dividends. This naturally has been found a most convincing argument with creditors, but even collection agencies and commercial attorneys have been forced to a recognition of the fact that adjustment bureaus have a legitimate work to perform, and that they are here to remain and to be reckoned with. The feeling of antagonism, which for a time in some quarters was bitter, has been almost entirely eliminated, and in many instances, changed to a desire to co-operate, so that opposition from this source can no longer be called a factor in our work.

The question as to whether adjustment bureaus should undertake collections, which in the past has appeared aggravating, and by some considered to contain an element of danger, does not, according to the observation of your committee, present any new or threatening features, especially with those bureaus that are under direct control of local associations, and not separately organized with the idea of profit.

While there is still some lack of uniformity in the organization, management and operation of the different bureaus, your committee finds this is due largely to local conditions, which must remain something of a determining factor. The best work seems to be done where fundamental adjustment bureau principles are put into practice. Considering the number of cases treated, and the variety of intricate questions involved, the complaints referred to your committee have been few indeed and unimportant.

That the managers of our bureaus are deeply interested in the work, and are awake to its possibilities for development, was evidenced at the conference held at Chicago in April, in response to the call issued by your chairman to those bureaus directly under the control of local association committees. There was an earnest discussion of the subject in its many different phases, consideration was given to suggestions that would include the smaller cities in the benefits of adjustment bureau work, methods and results were compared, and a note of closer co-operation sounded. The session was voted a most profitable and enjoyable one.

In condensed form, the statements filed with your committee show that cases closed during the past year involved liabilities of \$2,171,618.93

with nominal assets of \$1,040,185.80, the dividends paid to creditors were \$747,700.35, fees received by the bureaus amount to \$31,721.90, while \$21,105.01 represents fees paid to others. The number of creditors represented total 10,551. The average dividend was 34½ per cent. Further classification shows cases handled in bankruptcy paid average dividends of 26.50 per cent., while adjustments returned 46.10 per cent. in dividends, several cases paying in full. Not all the bureaus have reported, or the volume would be greater, and besides, these figures have no reference to matters that are pending, which, according to advices received by your committee, indicate a large increase.

Some ten cases have been reported as coming under the amendment to the bankruptcy act permitting compositions before adjudication. The



S. J. WHITLOCK

Belding Bros. & Co., Chicago, Ill.

Chairman, Adjustment Bureau Committee

wisdom of this provision promises abundant confirmation when it becomes more generally understood and applied.

Making allowance for incompleteness in these figures, a comparison between the dividends in bankruptcy cases and those realized through adjustments presents an argument in favor of the bureaus that is un-

answerable. The principle that an embarrassed or insolvent estate can be liquidated to greater advantage without a court proceeding, with the bureau as the medium, is thus emphasized and confirmed. Differing opinions as to the soundness of this principle, from a legal standpoint, come to have little force, with creditors at least, against the weight of evidence contained in these figures; and the comparative ease with which managers are now able to secure co-operation is thus explained. That our adjustment bureau scheme has merit is being amply attested by the saving of thousands of dollars to creditors, even in the relatively small cases which thus far have made up the bulk of the business transacted. From a close study of the subject, your chairman is convinced that our bureaus are coming into their own, and that their continued operation, with more generous support from our membership, is not only justified but demanded.

The possibilities of this work are beyond calculation, and have caused our plans to be widely copied by individuals and organizations under a variety of similar names, who recognize the attractiveness of this field, and threaten its appropriation unless we ourselves see to its cultivation. An intelligent use of our bureaus by credit men means a sure saving in bad debt losses, and the possible redemption of many a mercantile enterprise that may have encountered financial misfortune. Resting on a sound basis, with a proven record, having overcome opposition from the outside, and having converted our most conservative members from a feeling of antipathy to one of friendly interest, there remains for our adjustment bureaus, in the view of your committee, the one problem of further development along broad and comprehensive lines, and of increasing the work to deserving proportions by persistently educating creditors to the advantages of co-operation.

And we therefore offer for your consideration the following resolution:

"WHEREAS, In the work of our Association, adjustment bureaus, in the practical results achieved, give evidence of having passed from the experimental stage and become an established and important feature of Association enterprise, thereby earning the right to demand our more general support; now, therefore, be it

"Resolved, That, individually and collectively, we renew our pledge of loyalty to this work, with the promise of co-operation to the fullest extent and a more consistent use of the adjustment bureaus."

Respectfully submitted,

W. B. FISH,
GEORGE W. OATLEY,
T. H. SHEPPARD,
ERNST L. UNKE,
S. J. WHITLOCK, *Chairman.*

President McAdow—The report of the committee and the resolution are before you, and the question will be upon the adoption of the report and resolution. Mr. Whitlock will have the floor.

Mr. Whitlock—I move the adoption of the report and resolution as read.

Motion seconded and unanimously carried.

Mr. A. C. Ellis, Pittsburgh—At a meeting of the adjustment bureau managers attending this convention and representing nearly all the

adjustment bureaus of the different associations of credit men, in recognition of the good work accomplished by the present National Adjustment Bureau Committee, a resolution was unanimously passed which I was appointed to present to this convention with the request that it be brought before you and made a part of our proceedings. It is as follows:

"WHEREAS, The managers of adjustment bureaus of our Association realize the great good accomplished by the Adjustment Bureau Committee of the National Association of Credit Men by its untiring efforts for betterment of adjustment methods, therefore, be it

"Resolved, That the managers of the adjustment bureaus hereby express to the National officers their high appreciation of the good work done by the present National Adjustment Committee."

Mr. Ellis—I move that this resolution be entered upon the proceedings of this convention.

Edmund S. Mills, Philadelphia—I second the motion, and in seconding the motion I desire to preface my remarks with a word of thanks extended to you by the adjustment bureau managers for the recognition which you have given them in your annual report. You have given us a sense of encouragement, the results of which I think you will see in the coming year.

In connection with Mr. Whitlock and his committee, I want to say that they have been the very essence of patience with us. They have listened to our troubles, and our troubles have not been few. The management and the development of the adjustment bureau feature of the National Association of Credit Men has not been a bed of roses, and we have made some mistakes; but each mistake which we have made has helped to perfect this wonderful medium through which insolvent estates can be administered.

I know of but one body of men that ever got together in the United States to do a big work who did not make mistakes, and those were the honored men that gave us the Declaration of Independence of the United States; and I think that if you men here assembled, when you return to your offices will give your sincere support to the resolution which has been offered by your committee, namely, that "individually and collectively we will renew our pledge of loyalty to this work, with the promise of co-operation to the fullest extent and a more consistent use of the bureaus"—if you will sincerely adhere to that resolution, the managers of the adjustment bureaus will promise you a declaration of independence in their line of work, a declaration of independence from bankruptcy pirates, from business wreckers and from small dividends. (Great applause.)

President McAdow—It gives me personal pleasure to put this motion, because what Mr. Mills says is true—they are the hardest-worked bunch of men in this organization.

Resolution unanimously adopted.

President McAdow—If there is no further discussion, it will be our pleasure at this time to hear an address on "Adjustment Bureau Ethics," prepared by Mr. W. B. Fish, who could not be present, and in his absence the address will be read by Mr. Frank H. Randel, of the American Stove Works, Cleveland, Ohio. (Great applause.)

ADJUSTMENT BUREAU ETHICS.

Address of W. B. Fish, Cleveland, Ohio.

(READ BY FRANK H. RANDEL.)

Gentlemen of the Convention:

I am to speak to you on the ethics of the adjustment bureau. In applying ethical standards to a subject of legal-commercial import such as the adjustment bureau we must dismiss from our minds for the time being the material aspect of this institution and regard it instead from an altruistic standpoint.

The last thirty years have seen commerce and industry organized to an extent and complexity never before dreamed of. The rapid growth of means of communication and transportation has so broadened our markets that producer and seller are brought daily into competition with innumerable concerns of whose existence they have very likely never heard.

Co-extensive with this expansion in commerce and industry, and absolutely necessary to that expansion, has been the organization of the credit system. Thirty years ago, quite generally producer or seller met the buyer face to face. The buyer sought out the seller and producer and afforded him the opportunity of personal man to man dealing. This, and the limited trade channels of those days made it possible for the individual dealer and producer to control, supervise and safeguard his interests without the advice of any special student of credit. Close personal acquaintance with, and intimate knowledge of conditions, habits and environment of his customer, the fruits of years of experience, formed the basis of credit dispensing and every seller and producer used his store of knowledge to his own advantage to the fullest possible extent and to his competitor's detriment when convenient.

In the flight of the years, individual ownership has given way to partnership, to be supplanted by the corporation which in turn has to give way to the trust, and commerce from being a local or neighborhood affair has grown to be of national and international scope.

Thus the conditions that make for commercial success or failure have passed to a great extent out of the control of the individual himself and have become a part of widely diffused and far-reaching activities, that continuously react upon and affect the entire body of business.

As a consequence and in recognition of these widely spread and intertwined relations and interests there have come into being here and there civic bodies that concerned themselves chiefly, if not exclusively, with subjects pertaining to commerce and industry. The individuals comprising these bodies move and act in unison not for the mere advancement of the individual, but for the promotion of the common good. So marked has the success of these concerted movements become that similar bodies were formed in cities and towns everywhere until to-day they are to be found in nearly every community of any business pretension.

The National Association of Credit Men was the outward expression of a similar need, a like realization that trade and industry have no boundary in the search for business, no lines of demarcation to set apart one business from another in the quest for customers. It was a common aim and a common purpose that actuated the small band that met in Toledo some sixteen years ago and formed the National Association of Credit Men. That their aim was true and their purpose sound needs no verbal confirmation here to-day, but much doubt, suspicion and jealousy had to be overcome before conflicting interests, competitors in trade,

rivals for business could be welded together into the impregnable phalanx our Association has now become.

Step by step, act by act, achievement after achievement demonstrated that our Association was ranged on the side of high moral ideals in business. Every reform undertaken emphasized the high motives of the National body and the ready adoption of these testified to the high character of its membership. Not the least important of the Association's reform activities, though one of the more recently adopted, has to do with what is known as the adjustment bureau.

As I have already indicated, the earlier periods of commerce were marked by strife, contention, rivalry, keen and ruthless competition, and as evil begets evil the effects of this business warfare were not confined to the combatants. The more or less innocent bystanders, in this case the customer, contributed to the casualties. He was legitimate prey at all times—there was no closed season to him. He was a petted friend in his prosperity and carrion for the vultures when exhausted he stumbled.

Was it any wonder, if under such conditions, man's hand was against everybody, and everybody's hand against him? Was it any wonder that craft and cunning were a necessary part of man's business equipment and deceit and fraud were rampant? Those were the days of catch-as-catch-can bouts in business with no holds barred. No advantage, however unfair, but was resorted to. Transfer of property or stocks with a nominal and obviously pretended change of ownership baffled creditors. Chattel mortgages filed in the still hours of night, often spectacular midnight rides to the county seat legally established a preference for one or more creditors, to the exclusion and loss of the less swift. The desire and necessity for a better order and for relief from these bad conditions gave us the national bankruptcy act. The bulk sales laws are further advances in the same direction. Fictitious name bills also bespeak the same tendency to a better order of things.

But, gentlemen, laws alone do not constitute or insure business integrity or fair business dealings. Law to be effective and respected must be impartial; the hand of the law rests with equal weight on all, or at least ought to. And yet, dealing with law from the standpoint of my subject, does it not seem but a meager measure of justice and fairness if we are content to take our lawful share and share alike without thought of the bankrupt, his business, his future, or the future of those who have joined fortunes with him as assistants and clerks, each and every one of them, men and women like ourselves, with hopes and fears, with cares and responsibilities and aspirations? Should we not rather regard it as an equally urgent duty to conserve and perpetuate a business if possible, as we would a ship that has hit upon an uncharted rock?

To adjust means to regulate, to arrange in order, to set right—and these terms and the meanings these terms imply constitute to my mind "Adjustment Bureau Ethics."

It is specially significant and appropriate that I speak of this subject to you of the Northwest who conceived and have nourished this idea, for the adjustment bureau idea truly was conceived, fathered and brought to its finest fruition in this business community. Long before the enactment of the bankruptcy act, the far-seeing, broadminded business men of the Twin Cities by united action extended help and counsel to concerns in distress throughout this section. As a consequence disastrous failures have been few and far between and business confidence has been sustained and justified. The example set by you has taken deep hold on the minds of business men throughout the country, and the thought which

underlies your adjustment bureau, that it is not equal to its trust unless, besides obtaining the best results for creditors, it conserves so far as possible the interest of the debtor, is becoming firmly established.

Ethics refers to the basic principles of right action. The work of the fairly conducted adjustment bureau rightly interpreted is highly ethical, and when the sort of work it does becomes more generally understood and appreciated by the debtor class, our Association will be recognized, not alone within the ranks of its membership, but out of it as well, as the most potent force for bettering commercial conditions.

President McAdow—We will now receive the report of the Credit Department Methods Committee, which will be presented by Mr. E. M. Underwood, chairman, of Portland, Oregon.

REPORT OF THE CREDIT DEPARTMENT METHODS COMMITTEE.

To the Officers and Members of the National Association of Credit Men.

GENTLEMEN:

The Committee on Credit Department Methods last year at New Orleans directed the notice of the convention to the fact that there was a lack of co-operation between the local associations and the National committee, and in following out the instructions given and the resolutions passed at that time, your committee this year gave its first thought to organization. A letter was accordingly addressed to every local association, requesting that if a committee had not been appointed it should be at once, and the name of the chairman transmitted to the National chairman. The responses were numerous, and perhaps show some increase over the activity in this direction last year, but in proportion to the number of local branches they were woefully small, and your committee is obliged again to call to your attention the urgent necessity for more activity in local associations in this particular.

Co-operation is the keynote of this organization, and it is utterly impossible to accomplish the great measure of good contemplated by the Association without it. This applies to each of the National committees, and therefore each local branch should endeavor to appoint promptly standing committees in conformity with those of the National body. We believe that uniformity of committees is a vital issue. Members of each of the seventy-two local associations are wrestling with the same problems, and if as an organization we are to fulfill the object for which we exist, we must work together, and your committee knows of no better way to promote team work than by a uniformity of plans between the local and National associations. The smaller and less active an association is, the more need there is for help from the National office, and they should keep in close touch.

While investigating this matter, your committee has discovered that there is no uniformity regarding elections among the various local bodies, and it appears to us that every local association ought to hold its annual meeting at the same season of the year in which the convention occurs. Under present practice many of the branches are forming committees in January, and such committees scarcely get into the harness before convention date arrives. They should have as many months to act upon convention decisions as do the National committees.

A new resolution has been presented, and your attention is again called to the urgent necessity of strictly carrying out its provisions.

Your committee also requested that each association should devote at least one meeting during the year entirely to the subject of credit department methods, at which the members would have an opportunity to witness practical demonstrations of improved methods in the detail of credit department work, and to discuss, to their mutual benefit, topics of interest in the exchange of experience. We are pleased to report that several associations complied with this suggestion, notably Chicago, Cleveland, Kansas City, Louisville, Newark and Portland. Your committee earnestly urges that these meetings be continued by those associations which have adopted the plan, and that all those which have not as yet held a meeting of this character arrange to take the question seriously under consideration promptly next year. We know of no means by which such lasting good can be accomplished, and we regard the plan as one of the most helpful ever devised by the Association.

In an amendment to the report of last year's committee it was directed that each association desiring a replica of the model exhibit shown at New Orleans be furnished with one upon application, and early in the year it was found that they could be supplied at the cost of \$10 each. Your committee accordingly addressed a letter to the local branches to learn what the requirements would be, and the National office has now had mounted and shipped duplicates of the forms contained in the model exhibit to the following associations:

Atlanta, Ga.	Milwaukee, Wis.
Boston, Mass.	Montgomery, Ala.
Buffalo, N. Y.	Newark, N. J.
Chicago, Ill.	New Orleans, La.
Cincinnati, Ohio.	New York, N. Y.
Cleveland, Ohio.	Pittsburgh, Pa.
Columbus, Ohio.	Portland, Ore.
Decatur, Ill.	Richmond, Va.
Denver, Colo.	St. Louis, Mo.
Des Moines, Iowa.	Salt Lake City, Utah.
Grand Rapids, Mich.	San Diego, Cal.
Kansas City, Mo.	Seattle, Wash.
Knoxville, Tenn.	Syracuse, N. Y.
Lincoln, Neb.	Toledo, Ohio.
Los Angeles, Cal.	Utica, N. Y.
Louisville, Ky.	Wilmington, N. C.
Lynchburg, Va.	Youngstown, Ohio.
Memphis, Tenn.	

These forms are conveniently arranged so that they can be made a part of local credit department methods meetings, and are a valuable object lesson for the members.

Attention is called to the two "Discount for Cash" stickers issued by the Association. They have proved to be very excellent as a means of checking in some measure the practice of unfairly deducting discount from payments. Your committee believes that one more, copy of which is given below, will complete the set:

"Cash discount is a premium for prompt payment, and should not be deducted unless remittance is made within the time specified. In order to take advantage of the cash discount on this invoice, \$..... payment must be made on or before 1911.

"Issued at the instance of National Association of Credit Men."

This is intended to be sent out *with* the invoice, and should forestall customers who have the short-payment habit.

Your committee has received several inquiries regarding the manner of procedure in the organization of merchants' protective associations among retailers. As these are now conducted, they are usually reporting and collection bureaus, and ordinarily fulfill quite well the purposes for which they are intended. We recommend that retailers be encouraged to form these associations, and that our members render any assistance necessary whenever possible.

A good many collection agencies in various parts of the country



E. M. UNDERWOOD

Failing-McCalman Co., Portland, Ore.

Chairman, Credit Department Methods Committee

are still maintaining the practice of asking a retaining fee. No credit man should be asked to pay for service before it is rendered, and the committee earnestly warns all members to refrain from making such payments.

The attention of the committee has been called to the practice of mail-order houses sending out credit inquiries under fictitious names, sometimes the name of a mercantile agency. They doubtless feel that

inquiries forwarded under their own names would be ignored. Investigation has revealed that they make up a list of prospective customers in a certain district and then cover the district with inquiries. This is a direct violation of the principles and spirit of our organization, and your committee recommends that such inquirers be quietly overlooked and the matter reported to both the local and National offices.

Several cases of abuse of the credit inquiry blank among our own members have been reported, but we are inclined to the belief that they proceed from thoughtlessness and not deliberate intent. It is certain that credit men generally are coming to regard the exchange of information from a standpoint of co-operation and mutual benefit. The committee urges that our members should not only use the association blank, but use it exactly as intended, viz: fill out carefully the part designated "our experience" so that the party to whom the inquiry is sent will know exactly why the information is wanted, and then the maker will have a distinct right to expect a reply. Our blank is excellent, designed splendidly to carry out the spirit of our organization—open, frank, honest co-operation—and its use with due regard to this spirit will result in increased confidence in the business world.

The general use of Association blanks has been more than satisfactory, as will appear by the following table, which shows between May 1, 1910, and June 1, 1911, an increase of 69,800 over those used during the period of eleven months immediately preceding.

Property Statement Blanks.

75,200

Trade Inquiry Blanks.

218,500

The tendency of modern business is to eliminate waste and unnecessary expense, and it is the belief of the committee that, considering the reasonable certainty of the mails, the sending of receipts in the acknowledgment of remittances is wholly unnecessary except when payment is made in coin or currency. While many firms have discontinued the practice, a great number still send press copy receipts. In order that practice may be made uniform, your committee recommends that the sending of receipts be discontinued, and that the National office print a filler worded as follows:

"Realizing that the certainty of the mails is such as to render it unnecessary, we shall discontinue sending receipts for remittances sent to us, except when made in coin or currency. The usual forms of remittance, bank drafts, express and post-office money orders furnish ample evidence of payment. Issued at the instance of the National Association of Credit Men."

Many merchants in need of money quickly, resort to the sale of their accounts receivable instead of using their banks. While the practice seems to be perfectly legal, the committee does not believe it is good business, and urges its discouragement.

Credit men in every section of the country have for many years been confronted with the extreme difficulty of successfully collecting money by means of sight drafts through the banks. This is a valuable facility of modern commercial practice, and should be more available for general use. The defect right along seems to have been a lack of co-operation between the credit man, the maker of the draft and the bank, the payee or collector. After a long investigation your committee has concluded that both have in a measure been in the wrong. The credit

man has expected to secure returns, or at least a report, by the simple request to that effect, without considering that the bank addressed had any rights in the matter. The banker, on the other hand, has felt that he was rendering a valuable service without adequate remuneration, in many cases working to the detriment of his own business, apparently, by trying to make collections from his patrons, while fully aware that conditions existed which would furnish sufficient explanation if reported to the maker of the draft. There has been no obligation upon him to explain, and drafts are usually returned marked "no response" or in some such way.

Many plans designed to improve conditions have been presented to the committee, and after careful consideration, including the discussion of the matter with the national office of the American Bankers' Association, the following recommendations are made:

1. That the National Association print a form of sight draft, securing proper consent to place thereon the inscription "Endorsed by the American Bankers' Association," together with the "Vigilantia" seal and the words "Member of National Association of Credit Men."

2. That the draft be furnished to members upon application, at nominal cost, and that it be used by them upon the following conditions:

- (a) That the practice of depositing draft for collection be discontinued, and the draft be made payable and forwarded to the bank nearest the drawee.

- (b) That it be accompanied by a small fee, say one-tenth of one per cent., with a minimum of fifteen cents, together with a request that a report be furnished if no collection is made.

- (c) That the maker agree to pay a reasonable rate of exchange where collections are actually made.

3. That the national office of the American Bankers' Association be requested, provided they acquiesce in the foregoing arrangement, to transmit to all their members the text of this recommendation, together with an explanation, asking them to co-operate with members of the National Association of Credit Men.

A plan similar to this has been thoroughly tested by a local association with excellent results, and the committee can see no reason why it should not succeed nationally. There is no legal or moral duty upon the maker of a draft to pay the exchange, but the willingness to do so impresses banks with his earnest desire to do his part, and the results more than justify the practice.

We take the liberty to quote resolution No. 5, presented by the preceding committee at New Orleans, and duly adopted, as follows:

"Resolved, That we urge each member of this Association to conduct a campaign of education among his own customers, along the lines of improved accounting, thus bringing this important subject more strongly before the retailers of the country, to the end that better methods may be obtained, and disaster averted."

This matter was brought to your attention last year, but investigation and research fails to bring to light very many campaigns of education conducted among the retailers. The question of retail accounting has resolved itself into a tremendous problem, which if solved would mean the closing of one of our greatest economic leaks. Failures of mercantile

concerns every year total into the millions, and more than 80 per cent. are directly traceable to incompetency in various forms. Credit men have been working for years to detect and prevent fraud, which represents only about 15 per cent. of the annual loss through failures; and your committee strongly recommends that attention be directed to the greater proportion, with a view to correcting existing conditions.

We respectfully submit the following resolutions:

1. "WHEREAS, It is deemed advisable, in order more fully to secure co-operation between local and national committees, that there be stricter conformity in the number and purposes of such committees, and in the period of time during which their work shall be prosecuted; be it therefore

"Resolved, That each local branch be requested to appoint standing committees in the same number and for the same purposes as the standing committees of the National Association; and be it further

"Resolved, That each local branch be requested so to amend its constitution and regulations that its annual meeting and election will occur in about the same season as the National convention, thus making uniform the time of beginning and ending the year's work."

2. "WHEREAS, It is a distinct advantage to the membership of this Association that retailers organize into associations for their own protection against loss from the extension of credit to unworthy persons;

"Resolved, That the members of the National Association of Credit Men assist retailers, wherever possible, to promote these organizations; and be it further

"Resolved, That the officers and committees of local branches endeavor, whenever the opportunity presents itself, to furnish speakers to retailers conventions for the purpose of aiding and instructing in the matter of the wise dispensation of credit."

3. "WHEREAS, There exists a widespread demand for the improvement of the existing methods of collecting money by sight draft; be it

"Resolved, That the National office be authorized to formulate as promptly as possible a plan of co-operation with the American Bankers' Association after the manner described in this report."

4. "WHEREAS, The number of failures among retailers which can be traced to their lack of proper books, resulting in dead stock and dead accounts, is extremely high and constantly increasing, and the situation is considered of sufficient gravity to demand careful investigation; be it therefore

"Resolved, That a special National committee of three members be appointed, fully empowered to conduct the required investigation, and to devise means whereby this Association may be best enabled to improve existing conditions."

Respectfully submitted,

H. K. ARNOLD,

J. W. BRISCOE,

W. J. HENDERSON,

L. B. SMITH,

E. M. UNDERWOOD, *Chairman.*

Mr. Underwood—I move the adoption of the report and Resolution No. 1.

Motion seconded and unanimously carried.

President McAdow—The next is Resolution No. 2.

Mr. Underwood—I move the adoption of Resolution No. 2.

Motion seconded.

Mr. Howard Marshall, New York—This resolution recommends that the election in each affiliated branch shall occur in about the same season as the National convention. Now, what does this mean? Does it mean that each affiliated branch shall have its annual meeting and election in the month of June or in the month of May. What is the resolution?

Mr. Underwood—May, June or July.

Mr. Marshall—If that is the intention of the resolution, I trust that it may be amended slightly.

President McAdow—The resolution to which you refer has just been adopted by the convention.

Mr. Marshall—There are two resolutions under the head of No. 1. There are two resolutions contained under that preamble.

President McAdow—The chair does not wish to be arbitrary, but the preamble seems to the chair to refer to the two resolutions contained thereunder, and the chair will so construe it.

Mr. Underwood—The committee considered that phase of the question and found that a few associations have annual meetings in May, which brings their new officers into duty about the same time that the National officers are. May, June or July elections bring the new officers of the locals into work about the time of the National Association; and that is the reason the resolution is so stated, in order to give a little leeway—if the locals wish. The committee did not wish to be arbitrary, but leave a choice of two or three months.

President McAdow—Does that answer the question?

Mr. Marshall—If the resolution has been passed I do not care to discuss it.

President McAdow—It may be reconsidered.

Mr. Marshall—I move that we reconsider the second resolution under preamble No. 1.

President McAdow—There being no objection it will be done.

Mr. Marshall—It seems to me that if we arrange to have the annual meeting and the appointment of committees early in the fall instead of about the same season as the National convention, it would be better. The National Association has its organization meeting early in the fall and the committee appointments are made at that time, and if each affiliated branch had its annual meeting early in the fall and appointed its committees then, I believe that we would put the machinery into operation more completely and satisfactorily than we could if all the associations had their meetings in May. Now, it is almost impossible to have an annual meeting in June; at least, it is quite impossible in New York. Men will not attend meetings in the summer months, and after the convention is over there always comes a lull until fall, but September and October are two good months.

I move to amend the resolution in question so that it shall read that each local branch be requested so to amend its constitution and regulations that its annual meeting and election will occur early in the fall of each year, thus making uniform the time of beginning and ending the year's work.

Mr. Underwood—The advantage of the resolution proposed by the committee is that if the local associations hold their elections before their vacation time, it gives the officers time to choose their committees; and when their first meeting comes after a vacation they can appoint their committees and be ready to go to work. We find that to work very well in practice.

Mr. Marshall—Could not that be done during the summer anyway?

Mr. Underwood—But your president is not elected. Our plan gives two months to notify committees.

Mr. J. H. Kentnor, St. Louis—In St. Louis we changed our constitution about two years ago and incorporated under the state law. We have our election in the month of May and our president holds over until July 1st. Our object in doing so was to send the president who had had a year's experience to the convention; and we also sent our newly elected president to the convention, so that he would understand what things are done and how they are done. The committees are all made up and organized during September. They are on that date all ready for their work, and, I believe, by having the local association election in the spring of the year, that more work is accomplished and better results obtained, for everybody is then prepared at the logical time of the year to go ahead and carry out the work falling to him, and each committee is organized.

Mr. L. J. Bergman, Syracuse—Our experience is very much like that of Mr. Kentnor. We have our annual meeting in May, which gives the new officers an opportunity during the quiet months to get acquainted with their duties. The summer months afford considerable leisure to look into matters and get ready for the fall grind. I hope Mr. Marshall's amendments will not be carried.

Mr. L. B. Smith, Portland—The whole sum and substance of this matter, in the eyes of the committee, is this, that local committees will begin to work about the time that the National committees do. It is desirable that they have as full time as possible to carry out the wishes, instructions and decisions of the previous convention. If officers are elected in the fall, very well, if they get into the harness quickly enough; but the spring or before vacation time is far better, and I ask for the question on Mr. Marshall's amendment.

Amendment lost.

Resolution No. 2, as offered by the committee, was then adopted by unanimous vote.

President McAdow—The question is now on Resolution No. 3.

Mr. Underwood—I move its adoption.

Motion seconded.

Mr. Newman Essick, Los Angeles—As one who is on both sides of this question involved in Resolution No 3, I wish to say most emphatically that I hope it will prevail. As bankers we are bothered to death with these collections by draft. Frankly, we discourage them wherever possible, and often refuse to present drafts. The reason in the case of my bank appears to be largely the fault of the retailer. From 50 to 75 per cent. of the drafts presented are not paid when presented, but the statement is made to our collector that the bank will be notified. Then in about an hour the bank is called up on the telephone and the statement is made, "The draft has been paid." As a matter of fact the check was forwarded only after the draft had been presented, and then the bluff is made that it is paid, when in fact our presentation of the draft has been the means of causing the payment. The result is that we have gotten

the drawer his money and have nothing in return for our efforts—no exchange—not even the satisfaction of issuing the draft, or the satisfaction of having ostensibly rendered a service. Therefore, I confess we have discouraged this form of collection, but if you will adopt the method proposed by this resolution, speaking for our bank, we will give you the very best kind of service; we will give you a good reason why a draft is not paid to us and full explanation of everything in connection with the presentation of the draft. So that you may thereby judge as to whether we earn our money by causing the drawee to send his check direct to you. (Great applause.)



J. H. SCALES

Belknap Hardware & Mfg. Co., Louisville, Ky.

Director

President McAdow—Mr. Meek authorizes me to say that his bank will make the same offer as Mr Essick has.

Motion carried.

Motion was then made and unanimously carried to adopt Resolution No. 4.

President McAdow—Is there any further discussion under the head of this report.

Mr. Willis Davis, Wichita—I wish to present the following resolution:

“Resolved, That it is the sentiment of this convention that interest shall be charged on past due accounts.”

There is a strong sentiment amongst business men to make this charge, and in order to help crystallize that sentiment into a general practice, I offer this resolution and ask its adoption.

Motion seconded.

Mr. Bergman, Syracuse—It seems to me that that is a resolution having serious import and it should be given sane, careful deliberation; therefore, I move that it be referred to the Committee on Resolutions.

President McAdow—The motion is out of order.

Mr. Aaron Wolfson, Indianapolis—Would a substitute be in order to refer it to the incoming Committee on Credit Department Methods?

President McAdow—That would be in order.

Mr. Wolfson—I make such motion.

Motion seconded and unanimously carried.

President McAdow—It will be so referred.

We will now hear an address on “Co-operative Retail Credit Reporting,” by Mr. W. E. Balch, of Indianapolis, Indiana, manager of the Merchants’ Retail Association of that city.

CO-OPERATIVE RETAIL CREDIT REPORTING.

Address of W. E. Balch, of Indianapolis, Indiana.

Mr. Chairman and Gentlemen of the Convention:

It is not my intention in the fifteen minutes allotted to this talk, to attempt to cover the field of credit. The splendid talks which you have been hearing in the past three days and the excellent ones I know are to follow, are covering this topic far better than I can. My discussion will have only to do with one phase of the subject of credit—credit as viewed and as handled by the retail merchants of my home town and I hope to explain to you a system of retail credit reporting, differing perhaps, from systems with which you are familiar. However, to explain myself clearly and in order that you may better understand the working out of what is now coming to be known as the “Indianapolis Plan,” it will be necessary to touch on credit as a whole and to call your attention to the importance of association work as it has been developed along credit lines.

Credit in its broadest sense may be divided into two classifications—Commercial and Bank Credit, and Retail Credit. While the fundamental principle, *safety*, is what is demanded in both, while in many details they are identical, yet there is and will always be a vast difference. Commercial and bank credit is, strictly speaking, *constructive* credit while retail credit is and must always be *destructive* credit. The credit extended in commerce and by banks in practically every case goes to *CREATE* something from which a profit will be made. To illustrate this more clearly; when a banker extends credit to a farmer for his seeding, he knows that credit will be used for the purpose of creating a crop from which the farmer will receive a return greater than his investment and from which return he, the banker, will receive repayment of his loan. When this same banker extends credit to the miller to buy wheat he knows the miller will secure his

profit in the finished flour. When the jobber borrows credit of the banker to buy flour the same proportionate profit is created and when this same jobber in turn extends credit to the retail grocer the factor of increased profit is still present. In every case of credit in these lines, properly granted, there is the assurance of an increased return with which in part the credit will be redeemed. In addition to this in many cases, the seeker of credit has back of him his good business name which he has perhaps for years been building up and which he will use extraordinary exertion to protect. Then, too, the necessity for quick decision does not exist, ample time for proper investigation being afforded in most cases. The retailer has none of this, for the credit in which he deals is in the strictest sense of the word destructive credit in that the merchandise exchanged by him for the credit of his customer *BEGINS TO BE DESTROYED THE MINUTE IT LEAVES HIS POSSESSION*. There is never the assurance of an increased return, in many instances there is no inclination on the part of the buyer to protect his name and in far more cases there is no legal responsibility whatever. In practically every case of retail credit extension, quick decision is imperative.

The retailer must of necessity, then, deal with that great varied and always uncertain quality—human nature. As a rule he knows little of his customer's paying habits and less of his paying ability. True, he can consult his "Blue Book" but he will invariably ask himself, "I wonder how old these ratings are," or "Is the rater responsible?" He might call up his competitor—but if he did, his competitor would know his trade! So, torn between doubt and the hope that perhaps his customer is good, he chooses the only course open—he shuts his eyes, lets go his goods and *HOPES*.

And when his hopes fail, when it is too late, he finds the same oftentimes affable, fluent customer has worked the same game on every other merchant in the same line in town, coming to him only because he could go nowhere else. Under such circumstances there is nothing on which our retailer can secure payment, his customer has no legal and less moral responsibility, and again there is but one course to follow—charge the loss to experience and make it up on someone else.

Do not understand me in making this comparison to say that you who deal in commercial and bank credit do not have this same class of undesirable citizens to cope with, for I know you do. But I also know that you do *not* have the great number and the many varied credit applications that come to the desk of the retail credit manager.

How then to deal with this great class of retail credit seeking customers, how to decide quickly and be safe in so deciding, is a problem which has brought more gray hairs to the retail credit manager's head than any other feature of his position. We believe we have solved it at Indianapolis—not entirely, for that will *never* be done. Just so long as the retailer must deal with the public, just so long as he must match his wits with the wits of the man and woman, who, literally living by their wits, deliberately set about to defraud, just that long will there be retail credit loss.

No system, scheme or plan has or ever will be devised which will entirely eliminate loss. Nor do we for a moment claim ours will—but we do claim—and that, after a daily trial of over two and a half years—that it has reduced it to a minimum and for every dollar in cost and labor expended it has saved five.

The conception and working out of the plan we follow particularly emphasizes the value of association work, of co-operation, for without these factors the plan can never be carried out. It is so practical, so simple, that I am inclined to think that its success is due to its very simplicity.

Were I poetically inclined—and especially here amid the surroundings brought out by Longfellow when he tells so beautifully the simple story of Hiawatha, I would say that we listened to and followed the advice of Gitche Manito, the mighty, when he said:

“All your strength is in your union
All your danger is in discord
Therefore be at peace henceforward
And as brothers, live together.”

Not being poetical however, I must put it in plain every-day unpoetical “Hoosier” and say that we simply got together. We agreed that no one credit manager was that wise that he could successfully cope with the many and varied applications which came to him in his every-day business but that he could do it far more successfully could he have the help and especially the experience of his fellow credit men.

We decided to work to one common end, to establish a credit bureau whose records should NOT be made up of opinions but FACTS, records NOT of guesswork as to what a particular risk *might do if he saw fit* but of *what he had actually done*. We wanted a record which would not begin to *die* the day it was finished—but on the other hand, one that would just begin to *live*! We said we would have a record that was flexible, that could be changed as the occasion demanded—for we were tired of basing credits on rating that two years ago had changed—and generally for the worse. So we decided on a compact, comprehensive card system, wherein on separate cards should be told the real story of every person having credit with the members of our bureau.

We forgot there were such words in the English vocabulary as “prompt,” “fair” and “slow,” and we likewise forgot we had such a thing as a personal opinion of any one, agreeing that every rating given should be a statement of FACT, both as to actual time taken and as to average amount bought. Every credit manager in the bureau made a card for every account on his ledgers on this fair, unbiased basis, just as if it were the only card on that person in the files.

When the cards came to our office, they were carefully compiled, every house and business address, past and present, being kept. Under a code of numbers, known only to the central office, every store selling was entered on this one card, under its own number. As a result, when the file was completed, we had a concise statement of how every account in every store in our bureau had been taken care of. But we did not stop there for had we the record would have begun to die as quickly as would the average “Blue Book.” In fact, we had just begun to live for then it was that we began to report every account opened, *as it was opened*, so that the record would be complete to the very day. Not only this, but by following this plan, we could effectually estop the vicious habit of “kiting accounts”—of allowing any credit customer to establish credit in several stores and in excess of his logical limit.

As all this record was to be kept in our central office there was but one way in which it could be consulted by our members,—by telephone. So we installed a system of special telephones in the credit departments

of the stores with a private exchange in our office. In this manner any member could reach us instantly without going through central, and absolute privacy was assured.

Daily the *Commercial Reporter* is checked to this record; every suit and judgment, every lien and lease, chattel mortgage, and in fact, every thing which would tend to lessen the paying ability of the party in question or indicate approaching credit danger is entered on his particular card and the members appearing on the card as having sold or are still selling a party who has something against his record, are called on their special telephone and advised of the facts. In countless instances, members have been warned in time to save serious loss.

On an average of twice a week—oftener if necessary—a bulletin is issued to the members, in which is listed the names and a brief account of all persons applying for credit who have been refused because of previous adverse ratings or, who, having had no previous credit experience, on special investigation, proved to be hazardous credit risks. This bulletin service has been of especial value in warning the members in time to avert loss.

Every change of address reported to any of our members is immediately reported to us and noted on card system. We know our addresses are more accurate than the city directory because they are changed daily. Every account becoming dangerously slow is reported at once. If two or more such reports on one person come to us, the entire association is notified of the fact.

All of the banks of the city are members of the bureau. You will understand, of course, that the banks do not file their accounts with us; that would be impossible. But the direct good their membership has done the bureau is inestimable. Not only has it resulted in a closer relation between the banking interests and the retailer, but the value of the information given us by them is worth much. All check "kiters," all depositors given to habitually overdrawing, in fact, all "undesirable citizens" in banking circles are reported to the bureau, their failings checked to their card record and the entire membership advised by bulletin. We are told there is now less check "kiting" in Indianapolis than for many years, due to the fact that men know that not only will their own bank learn of such "kiting" but every other bank and merchant will be told.

In all cases where the credit applicant has had no previous credit experience, the credit manager's decision is withheld until a special report has been secured, and by a special report we do not mean personal opinion but facts. There are but two or perhaps three elements which go to make up a correct report on retail credit risks—the paying ability, the stability and moral responsibility of the applicant—and, in all special reports, we keep strictly to this text. As practically 75 per cent. of the retail credit risks are salaried persons, we ascertain as nearly as possible the income or salary of an applicant, his stability as shown by the length of time he has been with his present employer, his domestic responsibility and his paying habits in the immediate locality of his home. The tax records show his legal responsibility if any and these all go to show as far as possible the probable results, should credit be extended. When an applicant is engaged in business, a complete report of his ledger experience in the local wholesale trade is secured through close affiliation with a similar bureau maintained in the wholesale and jobbing trade. So, when a report is returned it contains as nearly as possible a recital of *FACTS ONLY* on which the credit manager is able to arrive at a logical, intelligent conclusion.

A feature of interest that I might mention in passing is the ability, by this system, of ascertaining the *PRESENT* indebtedness of a credit customer. Having in cipher the name of every store selling him, it is a matter of but a few minutes to ascertain the exact indebtedness on a certain day and at the same time and *UNDER NO CIRCUMSTANCES* divulging the names of the stores to whom he is indebted, giving to the store inquiring only the bulk sum owing and perhaps the amount past due. You will readily recognize the value of this information, especially where the amount to be credited is of a considerable size.

In all the operations of this bureau, it acts *ONLY* as a clearing house, never injecting an opinion but allowing the ledger figures to tell their own story, NEVER making known the source of information, but acting as an agent only to compile and to clear facts.

You will recognize too, the value of a record that can be constantly revised and changed to meet every contingency, over a record whose cold type is incapable of change no matter how great the change may be; and above all, you will recognize that the sense of ownership of a bureau of this nature will tend to bring out far greater loyalty on the part of its members than a membership in a rating agency owned and controlled by private parties for personal gain, could possibly create.

To-day, we own absolutely as our own, an instantly accessible record of over 60,000 persons, comprising, conservatively estimated, over 600,000 *actual ledger transactions*, truly, a valuable record.

While the direct, tangible good wrought by the working out of this plan has been far greater than we had dared to hope, the intangible, salutary effect it has had, has been worth far more than can be estimated in dollars and cents. It has been the means of cleaning out forever parasites who have literally lived on the local retail merchants in maintaining their valued (?) position in society, and at the same time, has given a correct and firmer credit standing to those to whom credit is due.

The secret of the success of the credit bureau as conducted by the Merchants' Association of Indianapolis is consistent, constant co-operation, a firm belief in the integrity and fairness of the fellow members and an honest desire toward mutual help. It deserves the success and support it has had, for, viewed at any angle, it operates to the good of the city, of its people and its business.

No one need fear our bureau except the man whose intentions are dishonest and he is not to be considered. For the great class of honest but slow, dilatory and reckless credit customers, it is a positive help. In a very practical systematic manner it enforces some of the homely virtues, without which, the best can not be gotten out of life. It acts as a restraint to those who would buy that for which they are not able to pay. It discourages extravagance and encourages economy, it discourages the pernicious habit of discounting the future and teaches the excellent habit of living within one's means.

Then too, there is the side of the retailer which must be considered. He is under constant and heavy expense, his competition is keen, his profit is small. If he must sell on credit terms and receive his payments in small amounts and at indefinite periods, he is handicapped. If the majority of his customers withhold payment, he is ruined. And there is a moral obligation from the public to the retailer aside from the legal and business duty. The retailers make the backbone of every city's business life. It is they who are called upon more than any one class to finance the improvements of their township, to support an endless variety of factors

for the city's good. Their interests should be safeguarded and by the operation of a bureau of this kind, under their own direction, those interests are safeguarded.

Within the past year three cities have adopted our plan of co-operative credit reporting. It is our sincere wish that in the very near future all retail centers may adopt this plan to the end that the exchange of trustworthy retail credit information between cities will be as available and expedient as it now is between individuals.

I take this occasion to assure you that Indianapolis stands ready and willing to do her share—even more than her share to bring about this ideal condition. I thank you for your very kind attention and for the honor I feel this occasion has offered me.

At the close of Mr. Balch's address President McAdow declared a recess would be taken until 9.30 o'clock A. M., Friday, June 16th.

FOURTH DAY.

Friday, June 16, 1911.

MORNING SESSION.

The morning session of the fourth day of the convention was called to order by President McAdow at 9.45 o'clock, the Rev. Dr. M. P. Burns, of Minneapolis, pronouncing the invocation.

Secretary Meek—The report of the Committee on Nominations for the Board of Directors is as follows:

NOMINEES FOR THE BOARD OF DIRECTORS.

(Seven to be elected.)

Curtis R. Burnett, Newark, N. J.	H. G. Moore, Kansas City, Mo.
W. L. Fox, Buffalo, N. Y.	J. G. Olmstead, Des Moines, Iowa.
J. H. Kentnor, St. Louis, Mo.	A. W. Pickford, Philadelphia, Pa.
F. H. McAdow, Chicago, Ill.	Enoch Rauh, Pittsburgh, Pa.
Geo. E. Melius, Bridgeport, Conn.	J. H. Scales, Louisville, Ky.
(Individual Member.)	J. W. Spangler, Seattle, Wash.
F. S. Miller, Baltimore, Md.	H. E. Smith, Columbus, Ohio.
Wade Millis, Detroit, Mich.	J. Edward Stilz, Indianapolis, Ind.

President McAdow—We will vary the order of business somewhat and at this time will receive the report of the Committee on Uniform Exemption Laws, being one of our special committees, and in the absence of the chairman, Mr. S. G. Rosson, of Baltimore, the report will be read by Secretary Meek.

REPORT OF THE COMMITTEE ON UNIFORM EXEMPTION LAWS.

To the Officers and Members of the National Association of Credit Men.

GENTLEMEN:

The exemption law was inherited from our mother country, England, where it had been put into effect for the purpose of giving a debtor a share of whatever assets he might have at the time he became insolvent. It was found that a large number of debtors became a charge upon the English government through application to the poor-houses. In order to reduce this expense, the government of England passed exemption laws.

As states were formed in this country, exemption laws were adopted, based very largely upon what appeared to be the needs of the inhabitants. In many of the newer states, the allowances granted were at the time liberal, and at this time are, without question, over-liberal. From being an agricultural-producing country, we have become a commercial nation, and this change has taken place without the amendment of laws affecting commercial transactions which were placed upon the statute books many years ago. In other words, the development of our mercantile interests warrants many changes being made in the exemption laws of the different states.

As to definite results accomplished during the year closed your committee is glad to report that the State of North Dakota has just passed a law reducing personal exemptions from \$1,000 to \$500. The credit

men of the Northwest are entitled to your gratitude for their work in that state for they were largely responsible for this result.

We regret, however, that we are unable to report any further definite progress in getting the exemption laws of the several states on a more equitable basis. We have given careful study to the general situation and have endeavored to determine upon the best way to proceed with the large task we assumed. We early concluded that it is wise to use, as far as possible, those agencies in each state which could from common interest be relied upon to work with us rather than have the National Association appear in the open. We feared the usual cry of legislators against outside interference and have directed our efforts through local credit men, retailers' associations, granges, etc.

As an illustration of the sort of difficulties the committee is to encounter continually in the work it has undertaken, we cite the case of North Carolina, where we felt there was enough interest exhibited for the improvement of the exemption laws to warrant us in working for the enactment of a measure in the legislature calling for a popular vote on a proposed amendment to the state constitution reducing the amount of exemptions. As the constitution covers this point a constitutional amendment is necessary. We first enlisted the interest of the Retailers' Association of North Carolina who recognized that their interest lay in reduced exemption provisions and they saw to it that a measure was drafted and introduced to repeal the homestead portion of the exemption law, leaving the personal exemption standing. Next was secured the endorsement of a large number of granges throughout the state and local retailers' organizations, the local credit men's associations, of course, taking deep interest in the movement.

Even with this array, opposition of such strength developed that it was recognized that the bill could not be passed and our efforts were then centered upon a bill to provide for the right of a resident to waive his exemptions. We felt that this would be a simpler concession to secure and would at least make a beginning. Such bill was introduced last January. It provided for a vote of the people to amend the exemption laws by granting the right of individual waiver. After prolonged negotiation it was brought to a vote but was defeated.

This struggle as you can readily imagine consumed a great deal of the committee's time during the legislative season, and while it was, without the results desired, it has served to give us a better notion of the proper way of proceeding for the future. For instance, we are now inclined to believe that our prospects of success are more likely to be realized through appeals to the individual citizen for fair play and for more equitable laws rather than to law-makers. We now believe that the quickest way to get action is to reason with the people—to make plain to the individual the fact that an excessive exemption simply provides an unmoral means of laying hold of another's money—comes close to legalized stealing.

If the better classes of the citizenship of a state can be made to know and understand the abuses to which existing exemption laws give rise and the avenues of fraud that they open, we feel confident they will not hesitate to exert themselves to right conditions and demand that their state put itself on record as in favor of a square deal. If the legitimate debt-paying merchant fully realized that the exemption law is most often turned to the profit of an undeserving debtor; if he were made to see that it is unprofitable to have a law on the books which encourages dishonest failure because it puts him who is honest and is paying a hundred

cents on the dollar in competition with the man who is scrupulous only when it is convenient and will fail if he can make more money by doing so without risk of falling into the clutches of the law. If honest tradesmen can be made to see the possibilities of the over-liberal exemption laws they ought to become ardent co-workers with us. We must reason with them before they will think, and if we can create sentiment we will have a great power.

From the reports of the various members of this committee, it would seem there is a feeling abroad that the exemption is a divine right and that the man who does not take it is unfair to himself—that it is something the world owes him no matter to whom it belongs or who goes unpaid; it is his in all honor and fairness. Thus do habits, practices, customs, develop without thought or reason. Here we find men who would resent the accusation of having wrong intent, who are fair in ordinary transactions—they would not steal under any other conditions or from any one but a creditor—they are “preferred.” The bankruptcy law has done away with every other form of “preferred” creditor, and this is about the only preference a creditor does not relinquish and he feels it is his by inalienable right because for years upon years the law has said it is his.

To illustrate this feeling that the insolvent is entitled to his exemptions regardless of conditions, we are told of two brothers who recently failed in Georgia. When put into bankruptcy, each claimed his exemptions of \$1,600—a total of \$3,200. The estate only yielded \$2,000 which was passed to them as exemptions. Because the law allowed more they became incensed at their small returns and demanded of the trustee, who was going to pay them the other \$1,200.

Your committee made some effort to create an interest in the betterment of the exemption laws of Georgia but apparently could not arouse sufficient enthusiasm at this time to make even a start in that state, although its exemption laws are a source of great abuse and loss in honest competition and to creditors.

This year the legislatures of most of the states were in session but it has been impossible for your committee to undertake work in many of them and we must abide ourselves in great patience before large results can be obtained.

The building up of our country would undoubtedly be hastened by more reasonable and uniform exemption laws, for with them credit could be more generally extended to the small merchant than can now be done; the small merchant would be given a chance in life with those of larger means, if the very credits extended were not largely exempt as they are to-day in many states. People should and can be made to realize this. We all know that those of small means exceed by vast numbers those of large resources and it is reasonable to presume that they will act when they see that their opportunities in life are restricted because of laws which tend to curtail their credit and reduce their chances of establishing themselves in business. It is our belief that the smaller merchant or individual can be made to recognize the fact that over liberal exemption laws are giving undue advantage to persons of larger financial means.

Your committee believes that it should be made plain to the people that because of our loss ratio, commodities cost the consumer more than they otherwise should. All credit grantors are compelled to include in their cost and selling calculations a percentage for losses. Some one must pay it, and as we know the burden finally falls on

the consumer—the largest class of individuals in the world. It must be to their interest to better exemption laws, and help in reducing the unnecessary losses incident to credit granting under existing conditions.

In some of our states, because of the peculiarity and liberality of their exemption laws, one without means of consequence can become well off from his point of view at the expense of his creditors, the debtors liabilities being converted into his assets after failure, through exemption.

The lack of uniformity in the exemption laws of our states is a source of great annoyance to the creditor, for the bankruptcy law



S. G. ROSSON

Mercantile Security Company, Baltimore, Md.
Chairman, Committee on Uniform Exemption Laws

respects such exemptions. Debtors are known to take advantage of this lack of uniformity by moving from one state to another which is more liberal. Therefore, our states ought to agree in what shall be considered equitably exempt.

We believe that the cause of this great injustice from which all suffer is that we accept conditions without arousing ourselves to oppose them, until finally they come to be regarded as proper, fair and in

the regular course of things. We believe that the individual members of the National Association of Credit Men can do a great deal to create a sentiment for honest and reasonable exemptions; we believe that every credit man when he declines a credit or withholds an extension or makes a decision in any matter based upon the workings of the exemption laws which apply in the case, should state clearly the reason for his decision; for he who would become a debtor might thus be made to realize that the exemption law of his state is a hindrance to him and prevents his securing privileges he might otherwise have. That will start him thinking.

Your committee offers for your consideration the following resolutions.

I.

"WHEREAS, There is a broadening demand that the exemption laws of the various states shall be made more nearly uniform and also more equitable, for the good both of debtor and creditor, and to remove one of the temptations to commercial fraud; therefore be it

"Resolved, By the National Association of Credit Men that we pledge our active support to the movement for fairer and more uniform treatment of the principle of exemptions than now rules in most states, emphasizing that the results that are sought are as much for the interest of the honest debtor as for that of the creditor."

II.

"WHEREAS, By the very nature of their occupation, credit men are especially concerned in the accomplishment of the purposes of the Committee on Uniform Exemption Laws, and because thrown into daily contact with merchants in all states, are in a position to make plain to them the seriousness of existing conditions for all classes engaged in mercantile affairs, therefore be it

"Resolved, That this Association encourages its members to work individually, each contributing his personal help in the creation of a sentiment that shall demand better exemption laws, and to do his part in giving every business man a clear understanding of the evils of the present lack of system."

Respectfully submitted,

S. G. ROSSON, *Chairman.*

Mr. Meek—I move the acceptance of the report and the adoption of the resolutions as read.

Motion seconded, unanimously carried and so ordered.

President McAdow—At the request of Colonel Silberberg, of Cincinnati, the chair will make the announcement at this time that the Supreme Court of the State of Ohio has declared the bulk sales law of that state unconstitutional. Mr. Silberberg explains that under the provisions of the constitution of Ohio no appeal can be taken to the United States Supreme Court from this decision, but that a constitutional convention has been called to be held in about nine months, at which time they expect to secure such amendment to the present constitution of the state as will enable Ohio to have a bulk sales law. Colonel Silberberg thought it might be interesting to the convention to have this fact known, because the extension of credit is influenced somewhat in many houses by the question as to whether a bulk sales law is in force in the state or not.

As a somewhat kindred subject we will receive at this time the Committee on Uniformity of State Laws, presented by Mr. J. M. Richardson, of Detroit, chairman of the committee. This is also one of our special committees.

Report of Special Committee on Uniformity of State Laws.

To the Officers and Members of the National Association of Credit Men.

GENTLEMEN:

This committee was formed by order of the New Orleans convention because it was felt that progress toward greater uniformity in state laws, especially such as pertain to commercial transactions, is of so much importance to our membership that our overburdened Legislative Committee was scarcely able to give this phase of legislation work sufficient attention.

The resolution calling for the appointment of the committee very properly, as we believe, recognized the Commissioners on Uniform State Laws as the leaders in the movement, and your committee has understood that it was to act, so to speak, as the connecting link between that splendid organization and our own.

Unfortunately there was delay in organizing the committee because of the illness of the member who was originally selected to serve as its chairman, so that it was not until the early part of March that the committee assumed its duties. Efforts were then made to get into touch with the Commissioners on Uniform State Laws, especially through its secretary, Mr. Charles T. Terry of New York City.

Your chairman also got into personal touch with Mr. George W. Bates, one of the Commissioners of the State of Michigan, who expressed himself as highly gratified that our Association had taken the genuine interest in the subject of uniformity in state laws indicated by the appointment of a special committee on that subject.

A communication was addressed to the Commissioners of each state requesting information as to legislation then being sought, and while many replies were received, they have not been put to any use except for the purposes of this report. Your chairman also conferred with Mr. Bates as to two matters of interest to the Commissioners pending in the legislature of Michigan, the Uniform Sales Act and the Uniform Bill of Lading Act.

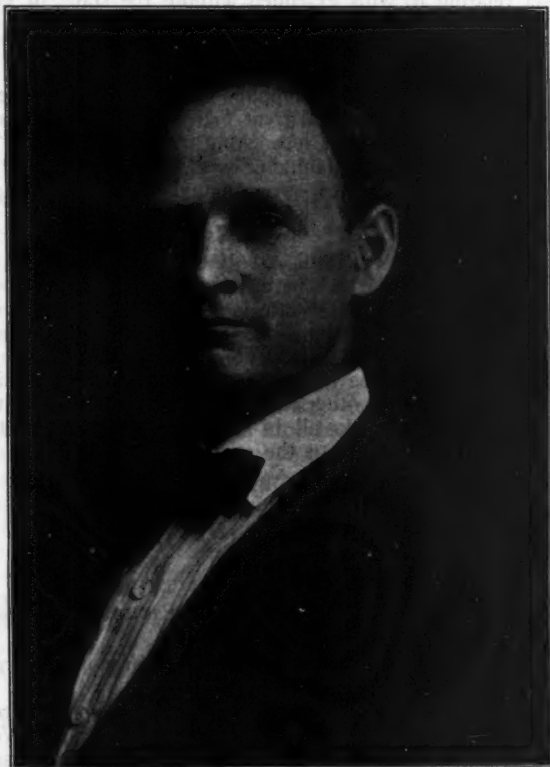
You will readily understand that but little progress can be made in a subject, such as belongs to this committee, in a brief three months. However, we shall have some valuable correspondence to turn over to the incoming committee. We have felt that our duties were of a more or less diplomatic nature,—to establish cordial relationship between the Commissioners and ourselves so that we might at any time and in any state take part in furthering their highly meritorious work and on the other hand feel freer to call upon them for assistance in amending those peculiar laws touching credit in which we desire greater uniformity.

On this point it is to be said that in their annual reports the Commissioners have given considerable attention to laws affecting credit such as, laws touching the transferability of credits, rights and remedies in sales of merchandise, bulk sales, conditional sales, exemptions, preferences, etc. It has been impossible in the press of other work for the Commissioners to go into laws on these subjects with that minuteness as to details which characterizes all their work but at least they have

exhibited an interest and with closer touch between the two organizations this interest may, we believe, be turned to action for our special measures.

A summary of definite progress made by the Commissioners in the framing of special acts and in their adoption by the states is presented as follows:

UNIFORM NEGOTIABLE INSTRUMENTS ACT,
enacted in the thirty-eight (38) states and territories of Alabama, Arizona, Colorado, Connecticut, District of Columbia, Florida, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New



J. M. RICHARDSON

Trussed Concrete Steel Co., Detroit, Mich.

Chairman, Committee on Uniformity of State Laws

Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Utah, Virginia, Washington, West Virginia, Wisconsin and Wyoming.

UNIFORM SALES ACT has been passed in the six (6) states and territories of Arizona, Connecticut, Massachusetts, New Jersey, Ohio and Rhode Island.

UNIFORM WAREHOUSE RECEIPTS ACT has been enacted in the eighteen (18) states and territories of California, Connecticut, Iowa, Illinois, Kansas, Louisiana, Michigan, Massachusetts, Nebraska, New Jersey, New York, New Mexico, Ohio, Pennsylvania, Rhode Island, Tennessee, Virginia and Wisconsin.

The Commissioners also have under consideration a Uniform Partnership Act and a Uniform Transfer of Stock Act.

Actual progress during the legislative season of this year includes the passage of: Uniform Warehouse Receipts Act in Wisconsin and Utah;

Act relating to wills extended without the state, in Washington and Kansas;

Family Desertion Act in Kansas.

The National office is kept supplied with literature issued by the Commissioners and it is hoped a great many of our members will call upon the National office for this interesting material for all of us ought to have at least a cursory acquaintance with this branch of progress of such vital importance in view of our growing interstate transactions.

In conclusion we offer the following resolution:

"Resolved, That the National Association of Credit Men in order to keep in touch with and be able better to assist in meeting the demand for, greater uniformity in those state laws covering commercial transactions, authorizes and directs its proper officers to appoint a committee of five to be known as the Special Committee on Uniformity in State Laws, whose duty it shall be to co-operate with the Commissioners on Uniform State Laws and other organizations working in the same direction and otherwise to do all in its power to promote the cause of uniform legislation throughout the states."

Respectfully submitted,

FRANK E. DAY,
J. A. DICK,
W. C. MATLACK,
W. J. McMILLAN,
J. M. RICHARDSON, *Chairman.*

Mr. Richardson—I move the adoption of the report and resolution. Seconded.

Mr. Richardson—My committee is simply a temporary committee elected from year to year. It is a sort of provisional affair. We did not accomplish this year nearly as much as we had hoped. At the same time we started to work in the right direction. I received a great many letters from the members of the Commission on Uniform State Laws, and in those letters they not only expressed an appreciation of the work of the National Association in appointing this committee, but went into detail in many cases discussing their trials and tribulations with legislatures, the possibilities and what might be accomplished.

While it is true that the work of this committee, technically speaking, comes under the jurisdiction of the legislative committee, at the same time, at present at least, there is a great special work for our committee to do, and the importance of uniform laws is emphasized by the fact that already in this convention in several speeches we have heard this

very question touched upon. Your committee therefore feels that it is of decided importance that this work be continued.

Motion unanimously carried and adopted.

President McAdow—The address of the morning is to treat of a question in which we are not only most vitally interested but in which we are most deeply concerned, because it is a subject on which I feel and I believe you feel we cannot have too much information. The address will be presented by a gentleman who has been in close touch with monetary work, and is therefore in position to speak intelligently, a gentleman, also, who has been honored by his own state, and has been in close touch with national legislation. It is my pleasure to present the Hon. Robert W. Bonyng, of Denver, Colorado, member of the National Monetary Commission, who will speak upon the proposed National Reserve Association of the United States

PROPOSED NATIONAL RESERVE ASSOCIATION OF THE UNITED STATES.

Address by Hon. Robert W. Bonyng, Denver, Colorado.

Mr. President and Gentlemen:

I am advised that yesterday you had the very great privilege and pleasure of listening to a scholarly address upon the topic of suggested monetary legislation, from that experienced financier and veteran banker, Mr. James B. Forgan, of Chicago. It would be altogether presumptuous on my part to attempt to discuss the same topic before you this morning, were it not for the fact that it is perhaps possible that the presentation of the subject by an experienced banker, followed by a brief discussion from a member of the National Monetary Commission, may serve the useful purpose of demonstrating that at last the expert financiers of the country and those who are charged with the duty in the first instance of making suggestions for amendments to our banking laws, are working in accord and in harmony. (Great applause.)

This condition, gentlemen, augurs well for a final and permanent solution of those intricate problems which have vexed us as a nation for so many decades.

It has not always been true that the great bankers and financiers of the nation have been able to agree even among themselves, upon just exactly what are the defects in our present banking system, or what the remedies are that ought to be applied for their correction.

Immediately after the banking panic of 1907, leading financial men of the nation, students of these problems, disagreed with each other. They were apparently of equal authority, but they could not come to any definite arrangement or agreement upon what legislation ought to be enacted.

At that time, also, it seemed as if almost every individual member of Congress felt sure that he alone had the only sure panacea for all the financial ills to which our body politic was subject. The result of this disagreement and discord was that it was found impossible at that time to secure any legislation looking to a permanent solution of those problems.

A measure was devised, known as the Aldrich-Vreeland law, intended as a temporary measure for the purpose of warding off a recurrence of

such calamities as visited us in 1907, until such time as we might have an opportunity to make a thorough and complete investigation of our entire monetary system and of all our financial laws.

One of the provisions of that law was for the creation of a National Monetary Commission, to which body should be delegated the duty of making the investigation, and after having made the examination to recommend to Congress such changes and modifications in our currency and banking laws as to them might seem advisable or necessary. Since the appointment of that commission it has been engaged in conducting what I believe all fair-minded men throughout the country agree, is the most thorough, the most complete and scientific investigation of the banking systems of all the great commercial nations of the world, including our own, that has ever been conducted.

This comprehensive work has been undertaken for the purpose of enabling the United States in remodeling its banking system, to avail itself of the banking experiences of the world.

The result of these investigations has been published from time to time in some fifty or more pamphlets or monographs, dealing with the financial systems of every great sovereign commercial nation of the world, including our own; and I certainly think it is no exaggeration to say that those documents contain the most complete, the most exhaustive and the most accurate information regarding the banking systems of the world and kindred topics, that has ever been published.

We have thus completed the preliminary part of our work as a commission, and are now prepared to enter upon the more important part, perhaps, the constructive portion of the work.

It is exceedingly fortunate that as we enter upon this stage of this great work, we find an almost universal agreement at this time regarding the defects in our present banking system. They can be classified, I think, under three headings:

First, the failure to provide for any common reservoir for the banking reserves of the nation, and the consequent scattering of those reserves among the many thousands of banks, with the necessary weakening of the reserves.

Second, the total absence of any legal method whereby the banks of the nation can co-operate for the stability of the general credit conditions of the country and the utilization of our vast banking power.

Third, the inelasticity of our bond-secured bank-note currency.

I believe that all of the defects of our present system, if it may be called a system at all, can be classified under one of those three headings. I will not stop here to discuss those defects. They have been discussed so often and so thoroughly that I believe they are thoroughly understood by all. Our problem is to find a remedy for them that will be in accord with our political and economic conditions. In seeking for that remedy it is entirely proper that we should take into consideration what we have in the United States upon which we could build a thoroughly modern and scientific banking system.

During the past fifty years we have built up in this country between 24,000 and 25,000 individual independent banks. Something over 7,000 of these institutions were organized under the national banking laws and the balance under the varying laws of the forty-six states of the Union.

The combined capital stock of all these institutions now amounts to the enormous sum of about \$2,000,000,000, their resources to \$22,000,000,000, their deposits to about \$15,000,000,000, and they have in their

vaults as a reserve against these deposits, about a billion and a half of dollars in lawful money.

In addition to these great resources we have in the United States in round figures just about one-fifth of the entire monetary gold supply of the world, and two-fifths of all the banking power of all the nations of the earth. (Great applause.) Strange as it may seem, with all this great wealth and these vast banking resources, we are the only great sovereign nation of the world that has been compelled to submit periodically to banking suspension.

Of course no system can be devised that will make bank failures impossible. Bank failures will occur from time to time through the dishonesty of bank management, through fraud and through other means that cannot be averted by legislation. But other nations have been able to provide a system by which when a single bank goes down, the entire banking system of the nation shall not be involved.

It is a fact which all students of these problems know, that during the past fifty years, although bank failures have occurred in many other countries, there has not been, during that time, in a single one of the great nations of the earth, save our own, a general banking suspension or collapse of the banking system.

Now, when we come to investigate the banking systems of the other nations of the world, to find what they have that we have not, which has enabled them perhaps to avoid these calamities, we find that in every other great sovereign nation—and I do not include Scotland or Canada, because, of course, they are not sovereign nations—there is some great institution usually known as a central bank which under government supervision has general exclusive bank note issuing power, and under similar supervision regulates the general monetary conditions of the country.

It is undoubtedly true that our political conditions and the vast extent of the area of this country, with the diversified interests of the different sections, makes it impossible for us to adopt the monetary system of any other country in its entirety.

We have tried a great central bank in the early history of our country, and we have all come to the conclusion that it would be impossible for us in this country, even if it were desirable, to establish again a bank similar either to the Bank of England, the Bank of France, the Imperial Bank of Germany or the First and Second Banks of the United States.

But the experience of every other great nation of the world, as well as our own, goes to show conclusively that in order to round out and complete the banking system in this country, it is necessary that we should provide for some combination or union of the banks of the country, for the fortification of our banking reserves, for the full utilization of our banking reserves, and for securing the strength and stability that comes from union.

Very early in our political history we learned that in union there is strength, and we have been learning, through bitter experiences, that in financial matters, just as in political matters, union is equally essential to strength and to stability. A combination of the different communities throughout the country, our separate cities and towns, into counties, those counties into sovereign states, and those states into the great federal union, which guards and projects the interest of each and of all, seems

to furnish an excellent model upon which we could build a union or combination of the banks of the country.

We now have 24,000 or 25,000 individual banks that furnish banking facilities to the different communities in which they are located, but we have no institution and no combination of institutions and no organization whatsoever which is charged with the duty of regulating the general monetary and credit conditions of the country, of protecting our reserves or of discharging those financial duties for the nation as a whole. It is true that occasionally the secretary of the treasury undertakes to discharge those duties, but he is not furnished with the necessary machinery to enable him to do so effectively, and no matter how good his intentions may be—and they have been good under all our secretaries of the treasury—nevertheless the interference of the secretary in the money markets of the country has frequently led to about as much harm as it has done good.

That has been true in most instances; in many instances it has been true that the secretary of the treasury has been able temporarily to assist us in getting through some financial difficulty, but when he does so he is subjected to charges of favoritism and of political interference.

Now, since we have no institution charged with the duty of regulating the general monetary conditions of the country, it becomes necessary, it seems to me, that we should endeavor to form one, based upon somewhat the same plan of organization as our counties and states and the federal union, which shall be charged with some of the duties and functions of the central banks of other countries, but which shall not be a central bank, because such an institution is not necessary in this country.

Our individual banks now furnish banking facilities to their different communities; our people have been accustomed to them, and they have been a very powerful instrument in building up the industries of the different localities in which they are located. Senator Aldrich, the chairman of the National Monetary Commission, has recently submitted to the commission a plan for the organization of the banks of the country, which it seems to me will correct the defects that I have mentioned, will overcome the objections to the organization of the central bank in the United States, and will enable us fully to utilize our vast wealth and banking power.

In a general way the organization that he proposes would be made up of the different banks. In the first instance these isolated banks would be organized into what would be known as local associations. Each local association would be composed of at least ten banks, having a combined capital stock of at least \$5,000,000. These various local associations would in turn be organized into district associations. The entire country would be divided into sixteen districts and a branch of the reserve association would be located in each of those districts.

Through the board of directors of these different district associations the directors of the National Reserve Association would be selected. In that way these different bodies would discharge—for instance the local associations—very much the same duties for banking purposes as our cities and towns do for political purposes. On the other hand, the district organizations would correspond in a measure to our states, and the National Reserve Association would discharge those great federal duties in banking which no individual bank can possibly undertake.

It is, of course, realized that it would be absolutely impossible and altogether improper to organize in this country an institution of that kind,

unless we take such measures as would prevent it from by any possibility being owned, controlled or managed either by selfish business interests or by political interests. The plan proposed, I think, will satisfy even the most skeptical that it would be absolutely impossible, if the plan should be adopted, for any individual or any group of individuals, however powerful they might be financially, to gain control of the organization.

In order to make that clear to you I desire to explain very briefly the manner in which the stock of the Reserve Association may be acquired and the manner suggested for the election of the directors of these different organizations.

Originally it was proposed, as the plan was submitted by Senator Aldrich, that none but national banks should be entitled to hold stock in the Reserve Association. The American Bankers' Association through a currency commission of that body, has suggested an amendment which is now under consideration by the Monetary Commission, and which I am certain in some form will be adopted by that commission—under which the state banks and trust companies of the country will also be entitled to hold stock in the Reserve Association.

The difficulty originally, as it appeared, of permitting state banks to become stockholders in the Reserve Association, arose from the diversity of laws under which state banks and trust companies are organized. In some states they have practically no banking laws, no minimum of capital for the organization of a bank, no state bank examination and no required reserve to be maintained either against their deposits or other demand liabilities.

The suggestion made by the currency commission seems to obviate that difficulty. It provides without going into all its details, in a general way that state banks having the same amount of capital that is required for a national bank in the same locality, maintaining the same amount of reserve as would be required against the national bank in that locality, and submitting to periodical public examinations, would be entitled upon exactly the same terms as national banks, to subscribe to the capital stock of the Reserve Association.

Necessarily the amount of reserve of the different state banks is varied too according to the character of business in which those institutions are engaged, whether commercial or a savings bank business. And also a difference is made necessarily in regard to the amount of capital required and the amount of reserve necessary for trust companies.

Originally I was of the opinion personally that it would be better if only national banks were permitted to subscribe to the stock, because I hoped that in that way and by adopting another suggestion that was made for the liberalization of our national banking laws, whereby national banks might be permitted to maintain separate departments, segregating their assets for each department, having within a national bank a commercial department, a savings department and a trust company, that the state banks of the country would be induced voluntarily to surrender their state charters and take out national charters.

But upon further consideration I have come to the conclusion myself that there is no possible objection to adopting both suggestions. That is to say, to liberalize the national banking laws of the country in the manner and way I have suggested, and also to provide that state banks holding state charters and meeting the requirements of the act such as have been outlined, should be entitled to subscribe to the capital stock of the National Reserve Association.

It is my individual view that if both these plans are adopted, eventually when state banks find that they can enjoy the same privileges and perform the same functions under a national charter that they can under their state charters, ultimately a very large number of them will surrender voluntarily their state charters and come in under the national system, thereby leading to an approximate unification of our banking system, perhaps as close an approximation to that condition as we can hope for under our dual system of government.

It is provided that no bank, whether state or national, whichever plan may be adopted, that subscribes to the stock of the National Reserve Association, shall be entitled to acquire an amount more than is equivalent to 20 per cent. of their own capital stock; that is, that a bank subscribing for stock of the Reserve Association, could take out an amount in the association equal to 20 per cent. of the capital stock of the subscribing bank, no more and no less. The stock would be non-transferable. No one but banks, no person or institution but a bank could subscribe to the stock. If a bank were to go into liquidation, the stock in the Reserve Association held by it, would be taken up by the association at its book value, and that value would be turned over to the liquidating bank.

You will readily see the purpose of these provisions: It is to prevent the stock of the Reserve Association being accumulated by any individual, group of individuals or group of institutions.

As a further safeguard against that danger, a somewhat novel scheme has been proposed for the election of the directors of these different organizations. The local associations would be entitled to have a board of directors consisting of just as many as their own by-laws might prescribe. Three-fifths of that board would be selected by the banks composing the local organization. Each bank in the local organization would be entitled to one vote, no matter how large or how small that bank might be. The other two-fifths would be elected by voting representatives selected by the different banks composing the local association. Each of those local representatives would be entitled to as many votes as the bank which he represented held shares of stock in the National Reserve Association.

Thus there would be on the board of directors of the local association two classes of directors, one representing the individual bank, and the other giving some representation to the banks according to their stockholding interests in the Reserve Association.

In the district organizations there would be twice the number of directors that there were local associations within the district, and to that number would be added the manager of the district association.

One-half of the directors of the district association would be selected by the boards of directors of the local associations. So that each local association, regardless of the number of shares of stock that it held, would be entitled to one vote in selecting one-half of the board of directors. Two-thirds of the other half would then be selected by voting representatives who would be chosen by these different local associations, and in voting, those representatives would cast a number of votes equal to the number of shares of stock held by the local association which he represented.

Then the directors thus selected would meet and they would elect the remaining one-third of the other half, and that number would be composed of men not connected as officers with banks, but who were

truly representative of the business, commercial and industrial interests of the district.

When we come to the National Reserve Association it is proposed that there should be forty-five directors and in addition to the different classes of directors in the district association there would be upon that board what might be termed government directors—six would be in effect government officials, and they would be composed of the Secretary of the Treasury, the Secretary of the Department of Commerce and Labor, the Comptroller of the Currency, the Governor of the National Reserve Association and the two deputy governors. Fifteen more out of the forty-five would be selected by the fifteen district associations, each district association being entitled to one vote regardless of the number of shares of stock held within that district.

Of the remaining number twelve would be selected again by voting representatives, each district organization selecting a representative, who in the election of those twelve would be entitled to cast the number of votes which his district organization held of shares of stock in the Reserve Association.

Then the thirty-three directors would meet and would select the remaining twelve from men not connected as officers with banks, but who would be representative of the business, the commercial and the industrial interests of the entire nation.

Now, when you come to consider this plan and the safeguards that are thrown around the ownership of the stock and the election of the men who are to control and manage it, I think it ought to be clear that it would be totally impossible unless somebody owned all the banks in the country and every share of stock in those banks, for any individual or group of individuals to gain control of the National Reserve Association or that it could be used for any purpose other than the public good. (Applause.)

The plan has not been adopted by the National Monetary Commission. It has been submitted to the commission for its consideration. It is being submitted by the members of the commission and by those who have given it study, to the people of the entire country, at bankers' conventions, at conventions of business men of the country, such as is gathered here to-day, in order that every section of the country, every business interest anywhere in the United States, may have the fullest and the freest opportunity to consider it in all of its phases; and I want to say to you that the members of the Monetary Commission will welcome suggestions from any man who has given this subject study and investigation, for its improvement or its amendment.

It is our aim and our purpose, so far as we may be able, to devise a plan that will work for the interest of every section of the United States. We want to guard by every means within our power against any possible peril which may arise from this combination of the banks, though as I have shown you this combination is an absolute necessity if we are to avoid banking panics in the future.

Now, then, is the time for the business men and the students of finance who have suggestions to make for the betterment of this plan, to make those suggestions to the Monetary Commission.

A few words should now be said regarding the functions of these different bodies which go to make up the new system.

It is not proposed that the Reserve Association when organized should enter into competition in any way whatsoever with the existing

banks of the country. The existing banks would conduct their business with their own clients and customers just exactly as they do to-day. They would have their own directors who would manage their own affairs in exactly the same way as they do at the present time. They would make their loans upon securities as they are entitled to do under present banking laws, from day to day, just as they have been doing since the organization of our national banks.

The Reserve Association would not take deposits from or make loans to any individual or to any institution except to a stockholding bank that held shares of stock in the National Reserve Association. It would act as the fiscal agent of the government. About the only real change in the manner of conducting the ordinary banking business of the country by the present banks would be that the government deposits would not be scattered among the different banks as they are to-day. They would be made with the Reserve Association.

Then what is the purpose, some one may say, of this Reserve Association, if it is not to do a banking business?

It is to act as a bank of banks, as a means of uniting together these great institutions, furnishing a place where an individual bank having the necessary kind of security, being solvent, can turn when it needs aid and assistance.

It is proposed that this Reserve Association shall be authorized to rediscount commercial paper and that that paper shall be specifically defined by the act, so that it shall not include paper that is issued for speculative purposes, but paper that arises in the legitimate business of the country may be taken by any individual bank holding stock in the Reserve Association, and rediscounted at the branch in the district where the individual bank is located. If the paper has not more than twenty-eight days to run, any individual bank being a stockholder in the Reserve Association can take that paper to the branch of the Reserve Association, and if it is of the character of paper defined by the act it can rediscount that paper at the branch. If it has more than twenty-eight days to run and not more than four months, then the plan proposes that the individual bank shall secure the endorsement of the local association of which it is a member, before it can be rediscounted at the branch.

The purpose of these provisions, as I think you will readily understand, is to keep the resources of the National Reserve Association in a liquid condition.

In addition to the power of rediscounting for the individual banks, it is also proposed that the Reserve Association may extend help upon a direct obligation of a stockholding member of the association.

In that case it would be necessary for an individual bank that desired to pledge its own obligation at the branch of the Reserve Association to deposit with its local association securities of the character defined in the act, and upon making that deposit then the district association through its branch would be authorized to lend to the individual bank an amount equal to two-thirds the value of the securities thus deposited.

An effort is also to be made to introduce into this country a system of discount somewhat similar to that employed in Europe; although it is not expected that we shall have just the system that has been developed there. But every banker in this country knows that we are paying annually an enormous amount of money to the great banks of foreign countries in order to move and finance our great crops. We cannot take

care of a bill drawn for coffee by a merchant in Brazil. All of those bills have to be taken care of through some foreign bank, and we pay a tribute annually of many millions of dollars for that service.

About all that it is necessary to do in order to change that condition is to amend the national banking law so as to permit national banks to accept drafts drawn upon them by houses of unquestioned responsibility in such transactions, and then to authorize the National Reserve Association to rediscount to a limited extent drafts so drawn.

In addition to these powers it is further proposed that the National Reserve Association shall have certain note-issuing power. I may say in this connection that every provision of the bill is entirely voluntary. There is nothing at all compulsory and would not be if the bill were passed, in regard to any of its provisions. . . . A bank may or may not subscribe to the capital stock of the Reserve Association. It may or may not keep its reserve with the Reserve Association. It may or may not surrender its present note-issuing power, just exactly as it feels it is to its own interest to do.

It is proposed in reference to the issuance of notes that the Reserve Association shall be compelled for a limited time to purchase United States bonds now held by the national banks as a basis for their circulation, at some price to be fixed by the act. When the Reserve Association acquires any such bonds then it shall take over with the bonds the present circulation privileges attached to them. If a bank should surrender the bonds to the Reserve Association, the latter would acquire no other or greater power than the bank surrendering the bonds now has.

It is further proposed that there shall be no addition whatever to the total volume of our bond secured currency after the organization of the Reserve Association. Then after a certain number of years the Reserve Association would be authorized to dispose of its bonds to the public in a limited amount each year.

It is hoped and expected that the government will eventually issue its securities upon an investment basis. Right now the treasury is negotiating for a sale of bonds bearing 3 per cent. interest, the first that the government has issued of recent years without bank-note circulating privileges. I think it is well understood that the 2 per cent. bonds demand par in the market because of that circulating privilege. Without that privilege it is doubtful if those bonds would command eighty in the money market. I believe the bonds that are to be issued will sell for something above a premium and will help to establish the figure at which the government of the United States can issue its bonds, or the rate of interest that those bonds must draw in order to make them an inviting investment for the business public.

If the government should ultimately substitute bonds issued upon an investment basis, for the present 2 per cent. bonds, then it is proposed that the Reserve Association may exchange its 2 per cent. for the 3 per cent., but in doing so the Reserve Association would be compelled to pay the circulation tax of $1\frac{1}{2}$ per cent. instead of $\frac{1}{2}$ of 1 per cent. as at present upon its 2 per cent. bonds, which would make the equivalent to the national government.

In addition to issuing those notes it is also proposed that the Reserve Association may issue its own notes based upon a reserve of legal money of at least $33\frac{1}{3}$ per cent. and the other two-thirds upon the commercial paper of the kind defined in the act. These notes must always be redeem-

able at each and all of its branches in gold and in legal tender money of the United States upon their presentation.

I am not going to enter to-day into the discussion of how the notes issued by the Reserve Association shall be taxed. Let me simply say in that connection that it is quite a matter of indifference whether you tax those notes—the only point being to guard against a possible over-issue—or whether the government derives benefit from the issuance of the notes through an increased amount of profit that it will get. Remember it is proposed that the stockholders of the Reserve Association, that is, the banks holding its stock, shall be limited in their profits to 5 per cent.—at first only 4 per cent.; then a certain amount is laid by for the surplus of the Reserve Association, and finally the stockholders cannot under any circumstances obtain more than 5 per cent., and the increased profits go into the treasury of the United States. That will prevent the institution being used for merely money-making purposes and will help to secure the purpose designed by the commission, of establishing an institution which shall be for the public good exclusively and not for money-making purposes.

Now I have very briefly attempted to sketch to you the plan of the organization which we have under consideration, and I hope that in this rough sketch I have at least been able to lay before you a general outline of the plan of the organization and to convince you that every safeguard is being taken to prevent the association from being used for selfish or political purposes.

I firmly believe that such an organization, perhaps with amendments which future discussion may seem to make necessary or wise, but some such organization, on the lines proposed, will cure every defect in our present banking system. It will enable the banks of the country to co-operate for the maintenance of the stability of the general credit conditions of the country; it will furnish us with a bank-note currency that will be responsive to the business requirements of the nation rather than to the financial needs of the government. With this organization established, banking panics will become a thing of the past in the United States. General banking panics are preventable with us for they have been prevented in the other great nations. It is the duty of banks upon the approach of panic conditions to extend liberally credit to every solvent concern at some rate of interest. Necessarily the rate of interest increases under certain conditions, but if a bank fully discharges its public duties, it will not permit a solvent business man in its community to lose his business and his years of savings and go down into bankruptcy, but it will extend to him the help which it is its duty to extend, at some rate of interest. (Great applause.)

Our banks do not perform this important work now, because they cannot. It is not their fault; it is the fault of the system under which they are working. Under our system with the 24,000 or 25,000 individual banks, each bank is compelled by the law of self-preservation to take care of its own interests. Upon the approach of panic conditions now every bank in the country does what it must do to save itself from destruction. It endeavors to draw in its reserves from all of its correspondents, to increase those reserves and to call in their loans and to refuse credit even to their best customers. They cannot help it.

The result is that with these 25,000 individual banks, each seeking to take care of itself, upon the approach of financial storms, they bring about the very condition which they ought to prevent. It is exactly as if a mob were in a building and a cry of fire was made, and each one in the building was to seek to take care of himself, or each was to pull upon some pillar supporting the edifice; the result would be what it has been in our financial affairs, for under such condition the edifice would fall upon those engaged in that undertaking.

But with such an organization as we have proposed and are con-



A. W. PICKFORD
Girard National Bank, Philadelphia, Pa.
Director

sidering, upon the approach of panicky conditions, a bank would feel safe to extend to a solvent customer such help as his necessities require, at such rate as the conditions made it necessary to charge, because the individual bank would know that in case of an emergency it could take the paper of its solvent customer to the branch of the National Reserve

Association and there secure a rediscount. In that way we would be able to prevent our panics.

In conclusion, let me say to you, as your chairman suggested in introducing me, this is a question of vital importance to the business men of the country; yes, it is a question of vital importance to every man in the country no matter in what business he may be engaged. It is not a banker's question only. On the contrary the banks can take very good care of themselves in panicky conditions. They do so. They do so, however, necessarily, as I have attempted to show you, because of our system, at the expense of the business men of the country.

This question is of more importance to the business men and particularly to you representing the credit of the nation, than it is to the bankers themselves. We cannot hope, notwithstanding that we have an agreement practically upon the fundamental features apparently by all the bankers of the country, and so far as we can judge by the members of the Monetary Commission, to secure legislation to carry out these purposes unless the great business interests of the country, the merchants, the manufacturers, the farmers and the laborers, all of whom are vitally interested in this problem, will give to this question their consideration and attention, and will aid us in solving the problem.

With your aid and assistance it is the earnest hope and expectation of the National Monetary Commission that we may be able to devise a plan that will not only meet the present wants of our country, but will be adequate for the ever increasing growth and development that awaits this country in the years to come. I thank you. (Tremendous applause.)

Mr. Christian Gallmeyer—I move that a rising vote of thanks be extended to Mr. Bonyng for his able, clear and convincing exposition of a most important subject.

Seconded by Mr. McComas and carried by a unanimous rising vote amid great applause.

Mr. Bonyng—I assure you I appreciate very much the cordial manner in which you have received my address and I can only say to you in return that you cannot do anything that would please the members of the commission more, or myself individually more, than to use your influence in your respective communities to aid us in the work that has been given to us by the Congress of the United States. (Great applause.)

President McAdow—We will now receive the report of the Banking and Currency Committee to be presented by Mr. J. E. O'Neil, chairman, Oklahoma City.

Mr. O'Neil—As chairman of your Banking and Currency Committee it now becomes my duty as well as my great pleasure to submit to you for your consideration the report of your committee. You have been privileged in the last few days to listen to two very eloquent and instructive addresses, that by the gentleman who has preceded me, and that of yesterday by one of America's greatest financiers, President Forgan, of the First National Bank of Chicago. However, the monetary question is one we cannot be too well posted in; it is a question that each and every man regardless of his vocation should acquaint himself with.

REPORT OF THE BANKING AND CURRENCY COMMITTEE.

To the Officers and Members of the National Association of Credit Men.

GENTLEMEN:

It will probably be generally admitted that the Banking and Currency Committee of the Association has had assigned to it the most difficult of the many problems which our Association is endeavoring to grapple with, at least so far as its work has to do with the question of reforms in our currency and national banking system. So difficult, in fact, is this currency and banking question that the popular mind has refused to concentrate thought upon it, and as a consequence, we have been living under an obsolete system which not only fails to meet the requirements of a great commercial people, but can not be made to do so because certain principles of fundamental importance in the banking system of a rapidly developing country are entirely lacking.

No one, however, can doubt that there has been a distinct advance during the past year in the question of bettering our monetary arrangements, in that there is a more general understanding of the weaknesses of the existing system, and also because we now have before us a definite plan for monetary reform—that submitted to the National Monetary Commission by its chairman, former Senator Nelson W. Aldrich. Besides the fact that the Aldrich proposal is on the whole meritorious, it has served to change the character of the discussion of currency reform from the negative attitude of condemnation of the old system, to the more important and progressive attitude of developing a system in which the underlying purpose is to conserve this system, so far as possible, but so mold and adapt it, that we shall have not only that soundness in our monetary arrangements, which all acknowledge we now have, but what is almost as important, elasticity.

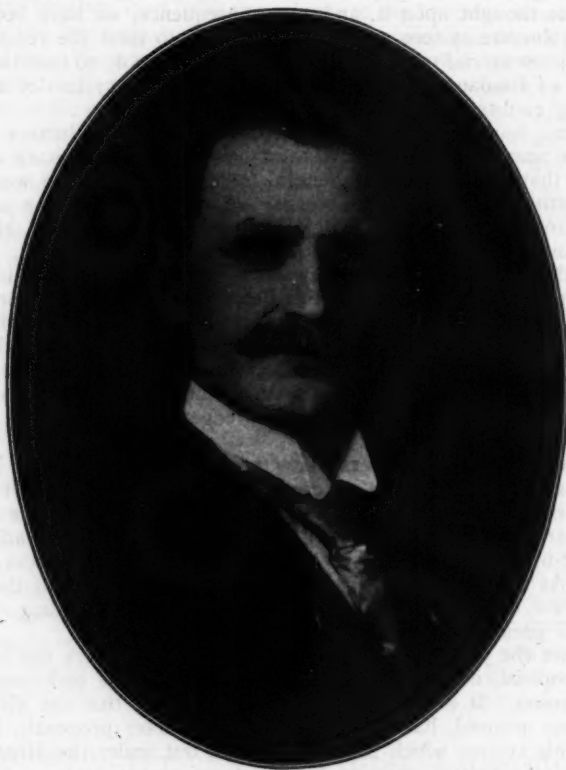
The whole country suffers every now and then from its inability to obtain a proper extension of credit when most needed. Under the present system, in times of strain and stress the business of the country becomes paralyzed, and the banking institutions are unable to afford the proper medium to carry on the ordinary legitimate business of the country. As the Honorable Franklin McVeagh, Secretary of the Treasury, has said, our present monetary system is "a panic breeding system," while other great national systems are panic preventing.

It is not the purpose of this committee to outline here the so-called Aldrich proposal, nor do we wish to secure for it the endorsement of this convention. It is important to note, however, that the discussion which it has aroused, has not produced any counter proposals, but the critics of this system which has been worked out under the direction of Mr. Aldrich, including some of the most prominent bankers, business men and writers of the country, have acknowledged that the general system he has offered is based upon and embodies such essentials as, (1) adaptability of note issues to the business requirements of the country, (2) mobility of reserve, by which is meant the possibility of moving reserves to such points as especially demand aid, (3) greater liquidness in the assets of banks, and (4) definite machinery by means of which isolated banks may work together, as is provided through a central organization.

With these vital principles covered, those who are giving thought to our banking and currency problems, are now studying, not so much the principles to be arrived at, as the mechanism or manner of organization

which is proposed, and while the commission clearly has worked out an ingenious plan of organization and operation, endeavoring to make it impossible that the proposed central organization shall become sectionalized, or gotten under the control of a small group of powerful men, it is easy to foresee that this side of the question is to require fully as much consideration as questions of note-issue, re-discounts or other banking functions.

Business men throughout the country should not fail to take the profoundest interest in the Aldrich proposals, for if it can be said that the banking system, as at present constituted in this country, is the hand-



J. E. O'NEIL

Richards & Conover Hardware Co., Oklahoma City, Okla.
Chairman, Banking and Currency Committee

maid of commerce, it would become such to a much larger degree under the so-called "Reserve Association of America," for the system of re-discounting prime commercial paper, for which, at the present time we have no adequate facilities, but which is so characteristic of the banking systems abroad, is fundamental under the proposed central reserve system, and such re-discounted paper becomes the basis of currency issues by the "Reserve Association."

The question comes up: just how is the National Association of Credit Men going to figure in this movement for monetary reforms, which should be brought about as promptly as is consistent with a full discussion of this most important problem. The answer, it seems to the committee, is perfectly clear. As business men we are more vitally interested in this subject, without question, than the bankers themselves; we cannot afford to have this movement progress without giving it some impress, and when the time comes, and it surely ought to come soon, it will be our duty to help as much as lies in our power, in the enactment of a measure calling for sound monetary reforms, and not permit the cry of sectionalism, and especially political advantage, to arise to delay unnecessarily the reforms which we, as business men, no matter where located, fully realize are vitally needed. Your committee urges that the effort of our local banking and currency committees shall be directed to securing among the members a broad and intelligent understanding of this question and that it may not be regarded from a provincial or sectional stand-point; it urges that the incoming Banking and Currency Committee of the National Association, study to keep alive among the membership in general, the discussion of the plan now before the country for monetary reform, and seek to provide ways and means of informing the members regarding progress therein. As soon as possible local associations of credit men ought, it seems to us, to be ready to take a definite stand upon the reform proposals which are now shaping themselves for it is better that endorsement of such proposals be given by our local associations than by the National Association.

STATE BANKING LEGISLATION.

And now with reference to state banking systems, to which the Banking and Currency Committees of our Association have devoted most of their thought during the past two years; here we can not refrain from expressing a word of appreciation of the remarkable report made by the chairman of last year's Banking and Currency Committee, our esteemed fellow-member, A. C. Foster, of Denver. Mr. Foster's report should be read and thoroughly digested by every member of this Association, for in it he has presented an almost faultless analysis of the legal requirements of a thoroughly sound state banking system, and a further analysis of important provisions which, on examination, he found to be lacking in the banking laws of certain states.

Your committee, recognizing that it could perform its best work by directing attention to the weaknesses in the banking laws of these states as tabulated by Mr. Foster, immediately addressed communications to officers of local associations and members residing in the states in question. In the letters we called attention directly, to those portions of their state banking laws calling for amendment, and the replies received were immensely encouraging. Without exception they showed entire readiness on the part of the credit men addressed to acknowledge the weaknesses of their respective banking systems, and also enthusiasm to work for the necessary amendments.

During the past legislative session, the lawmakers of at least three southern states, Alabama, North Carolina and Tennessee, were at work upon bills looking to the practical reconstruction of their respective state banking systems, or perhaps it is more truthful to say the creation of systems of banking, for up to the present the banking laws of these states have been what one banker called "a patch-work of compromises that illy served the purposes of supervision in a great and growing

state." Through the courtesy of members of our Association located in these states, your committee received copies of the proposed laws and was permitted to make recommendations regarding them. Officers of our local associations in each state were called upon by your committee to exert their best influence for the enactment of the proposed laws, and we wish to thank them sincerely for the earnestness with which they responded. We are glad to say that in one state, Alabama, an excellent banking measure was passed which met with the general approval of banking and business interests. Our Associations at Montgomery and Birmingham we have reason to believe, assisted materially in this result. We regret that we were not so successful in the other two states, but failure can not be charged against the members of our Association in North Carolina and Tennessee, because, as we are glad to testify, they did all they could to help in framing a bill upon which it would be possible to get favorable action.

In Arkansas a bill containing important provisions for strengthening the banking system of that rapidly growing state was brought before the legislature, but your committee was not successful in arousing the interest of our membership there in behalf of the measure.

Your committee has also during the year taken up with the members of our associations in Virginia and Kentucky the question of amending their banking laws in important particulars, and has received assurances from them that at the next sessions of their legislatures (December, in the case of Virginia, and January in the case of Kentucky), there will be introduced bills, which, if passed, will overcome completely the severe criticism against the laws of those states offered in Mr. Foster's report of last year.

Both New York and Ohio are recognized as having especially sound banking laws, but in both states during the legislative sessions of this year additional bills were passed, the purpose of which was mainly to overcome methods which had been found to evade the spirit and intent of existing law. The legislatures of both states apparently are sensible of their responsibility to place their state banks in a position to hold the confidence of the business community.

One of the states whose laws were found by the Banking and Currency Committee, which preceded us, to be quite defective, was Maryland, in which state we are glad to report, a bill was passed in the session of 1910, overcoming every criticism of that committee, and while their law,—as the best bankers of Maryland will admit,—is still far from perfect, a start has been made toward sounder banking conditions which can not be lost.

In this report it is impossible to cover the entire field of legislation for better banking conditions throughout the states, which has marked the year. It is enough to say that in addition to the above your committee was in touch with members located in the states of Colorado, Washington and Minnesota, regarding certain desirable amendments to their banking laws and found in all cases a ready spirit of co-operation.

A problem which was brought before the committee, and still remains unsolved, is that of the private banker, who, so far as we know, is in no case under obligations to the banking system of his state. Cases have been brought to the attention of the committee from time to time regarding serious offenses committed by private banking institutions, and we think that this subject is well worthy of the further attention of the Association.

We believe that it is a cause for congratulation, that the banks belonging to the clearing houses in the larger centers are feeling more and more a responsibility for each other as shown by the system of clearing house examination which is now becoming so generally adopted. We believe that there is scarcely a system which could be suggested which would make for a better guarantee of soundness than this system of clearing house examination, because we can always rely upon conservatism prevailing in the policies of united banks.

In the state from which your chairman comes, as you know, we are testing out the deposit guarantee system. Under the system there have already been several failures and liquidations, but without loss to a single depositor. There are still some problems to be worked out under the law specially relating to the administration of the guarantee fund, but I believe future legislation can and will meet all reasonable complaints successfully.

In conclusion we wish to say that it has been an interesting task which was assigned your committee and a task whose every success gave double pleasure because we realized how every improvement in the banking laws of the various states which we might in any degree influence, meant and is ever to mean incalculable advantage to all the people of those states.

We offer the following resolutions:

I.

"Resolved, That the National Association of Credit Men expresses its deep interest in the progress being made to inject into our national banking system provisions which will more nearly bring it into accord with the needs of an expanding commercial nation, but believing that the endorsement of any specific proposal for readjustment should be given by its local associations rather than by the National Association, urges that the incoming Banking and Currency Committee earnestly endeavor to keep the pressing question of monetary reform actively before local associations especially seeking to get all members to view the proposed reforms from a national standpoint."

II.

"Resolved, That the Association takes this opportunity to express its appreciation for the efforts made by those members in the various states who have worked so earnestly for the strengthening of their state banking laws and urges the continuance of such effort in all states in order that the banks of our country, no matter from what source they derive their charters, shall become more and more worthy of the complete confidence of the people."

Respectfully submitted,

J. H. KING,
W. J. TRIMBLE,
H. E. SMITH,
L. B. ROGERS,
J. E. O'NEIL, *Chairman.*

President McAdow—The report and resolutions are before you and the question will be upon the adoption of the report and Resolution No. 1. Mr. O'Neil moved the adoption of the report and Resolution No. 1. Motion seconded and unanimously carried.

Mr. O'Neil then moved the adoption of Resolution No. 2.
Motion seconded and unanimously carried.

Mr. J. H. King, Hartford, Conn.—One of the essential features of this monetary commission plan will be the use of the assets of the various banks as a basis for the credit of the banks and of the future currency of the country, and a very essential feature in protecting their assets, the commercial paper or the notes, which are issued by the many houses which you represent, will be not only to know whether the quality of the paper is all right, but also what its quantity is; the question is how much may be issued at any one time. I do not think our committee took up that matter, but my attention has been called to it while here in this city by several of the larger houses looking to the registration of the paper issued by the various concerns. You know that this paper taken up by the various banks, is discounted, and perhaps rediscounted and becomes scattered all over the country; and it is absolutely essential to know how much of that paper may be issued in order that there may not be an over issue.

There is only one company that I know of that has taken up this matter, the International Paper Company, which voluntarily assumed to have its paper registered. There are two or three trust companies that have issued a tentative form, trying to feel their way, and I think that this is a matter that might be taken up if it is the desire of this convention, by the incoming banking and currency committee, and I would suggest that that matter be referred to them for future consideration.

President McAdow—Do you desire to offer a resolution, Mr. King, or is this just a suggestion?

Mr. King—It is simply a suggestion that the matter be referred to the incoming committee.

President McAdow—The suggestion by Mr. King will be noted in the minutes.

We will now receive the report of one of our special committees on Federal Incorporation Law, the report to be presented by Mr. F. G. King, chairman, Youngstown, Ohio.

Mr. F. G. King—This chairmanship was given to me under protest, and finally accepted, and I feel glad to express my obligation to the president for obliging me to accept it, for I have found my subject intensely interesting, and its study called to my attention a distressing absence of knowledge on the part of our membership throughout the United States in this subject. It is a discredit to our membership not to be informed on this matter, but you are not alone in that class inasmuch as when I went to Washington for information I found our statesmen there were not informed. The prevailing reason seemed to be that we were not at the moment "up against it." The bill covering federal incorporation was still in the hands of the committee and congressmen generally would not be concerned until it was released. Now I want to try to discover to you here the fact that you are "up against it" right now, and you have been "up against it" every time you have paid your semi-annual taxes, and will continue to be "up against it" unless you go at this question intelligently. I am not going to give you all the facts you ought to know but I want you to get some thoughts here that you will take home, for in our homes this matter must start if it is to take proper expression at Washington.

REPORT OF THE SPECIAL COMMITTEE ON FEDERAL INCORPORATION LAW.

To the Officers and Members of the National Association of Credit Men.

GENTLEMEN:

At a midwinter carnival of sports in the Lake Superior country, a number of years ago, a French Canadian entered his horse in a "Free for All" race upon the ice.

What his horse lacked in poetry of motion, he made up in energy. Inasmuch as the shortest distance between two points is a straight line, the French Canadian's horse could not hope to win, too much time being lost in describing angles not incident to going forward. The energy displayed, however, was magnificent, but it cost the horse his life. The owner gazed long and thoughtfully at the lifeless form, then turning to the assembled crowd sadly remarked: "Well, he seemed willang to do somethang."

The analogy between the French Canadian's horse and this committee will be evident when we state that Secretary-Treasurer Meek, in giving us our instructions remarked that there would be little material available upon which to build a report, as our Sixty-first Congress would probably not give any attention to federal incorporation.

So the Committee on Federal Incorporation Law, through its chairman, appears before you to-day surfeited with "Willangness" but with little else.

If plagiarism were a virtue rather than a sin, the report of this committee at this time would be largely a repetition of the report made by our former committee at New Orleans. President McAdow paid that committee a deserved compliment when he referred to their report as a thesis.

The gentlemen of that committee had given to their work the keen thought and research of those who are interested. The result was an exhaustive report upon:

"The power of congress to create such a law."

"The relationship a corporation created by such a law would sustain to the several states."

"What reasons would actuate incorporations to elect to organize under a national law."

"Existing abuses which would probably be remedied."

"Federal incorporation in relation to interstate commerce."

It would seem presumptuous for this committee to develop further thought along these lines.

But this committee does not feel that much of the intelligent research of that committee, representing the most serious and far reaching business proposition that confronts us to-day, so vital in its relation to existing corporations and of such great importance to future incorporated interests, was lost in a measure to the convention by reason of its having been presented upon the last day, when the combination of soft Southern skies and intoxicating Southern hospitality had left us utterly unable to appreciate anything not suggestive of the twang of the banjo or the breath of the magnolia.

And this committee recommends that the subject of federal incorporation be made the topic of noonday lunches or monthly

meetings by the Association generally, to the end that more actual knowledge may be had upon this subject.

In this country it is the "Vox Populi" that rules, and when this question finally comes before our national congress for discussion, it is the voice of the great aggregation of credit men throughout this country that should speak not only the loudest, but the most intelligently.

It was the almost dearth of progress on the legislative end of this question since our last convention that suggested to your present committee the desirability of feeling the pulse of our own membership, and through them the thinking and acting public upon this subject.

It was thought that the consensus of opinion thus secured might disclose to our legislators a comprehensive expression from the great business interests of the country.

Accordingly a circular letter was mailed to the presidents of the seventy-two affiliated branches asking that the chairmen of their respective legislative committees be requested to furnish to this committee a poll of their membership, and the intelligent thought of their community, upon the following three propositions:

DO YOU FAVOR?

1. A Federal Incorporation Law. Example—The National Bankruptcy Law.
2. Uniform State Incorporation Laws, modeled after a Federal Law. Example—National Pure Food Law.
3. Uniform State Incorporation Laws. Example—Negotiable Instrument Law.

The result of these letters was not awaited with apprehension, but with interest. We felt that here would be material for a report that would be both interesting and instructive. And we hoped that it might serve the purpose of awakening a personal interest in this subject through the membership generally.

We can do things only as we think and act. Our report would be valuable and our efforts would bear fruit only to the extent that we could arouse personal interest and personal action, and as business men we thought that evidence of having "started something" would satisfactorily displace oratorical aeroplanes in our report.

Oklahoma City, Lincoln and one other branch responded promptly and enthusiastically, confirming again an opinion we have all shared for some time, that the Middle West is keenly alert for the best of everything. To Toledo, Ohio, however, belongs the honor, and to your chairman of course it was a pleasing one, to come forward with the first legislative committee report.

After the first "fall" to the committee's letter there was a startling lull, favoring the impression that this paper was destined to smack more of a scolding than a report.

It almost seemed that it was to be incumbent upon this committee to say to the membership at large that when you gave your application, you promised not only your check but your service as well.

When the returns were all in, however, the average was very gratifying.

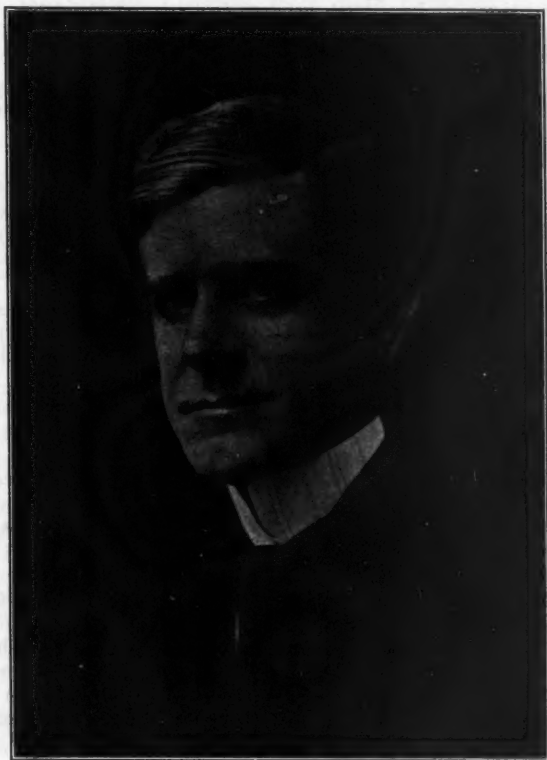
It would not do at all for Secretary-Treasurer Meek's 14,000 buds

of hope all to blossom and bear fruit. It would be impossible for his official hands to harvest such a crop of improved business conditions.

So in organizations of this kind as in nature, a wise Providence sends a frost, and while we lose the activity of some, it serves to improve the quality of others.

It is due to the activity of credit men, their good fellowship, their disinterestedness of purpose, that has made theirs in most instances the conspicuous local business organization, and the National Association the power it is in the business world.

Among the many ideas received by this committee there was one



F. G. KING

Youngstown Dry Goods Co., Youngstown, Ohio
Chairman, Committee on Federal Incorporation Law

thought prominent in many, casually referred to in others, and again only faintly suggested, yet which seemed like a thread to weave through nearly all of them.

It was this—that wrong seems to enter so largely into matters of public welfare—wrong in most instances inspired by distrust—that there can be no law, neither federal nor state, having for its basic principle justice to all, which will not cause an occasional miscarriage of justice.

In other words—to nearly every suggestion helpful in itself to better conditions, is attached a bomb that might destroy its usefulness.

Man is, and always has been an anomaly. He is the most fearless and at the same time the most fearful of all beings. He is a symbol of courage when he goes forth to meet his country's enemies or when he defends his own fireside—but what a weakling he is, and how defenseless, when he goes forth to contend against the brain, the intellect, the business acumen of his fellow.

And that fear has been the inspiration for the creating of business organizations and the enacting of laws that for a time have given one man an artificial advantage over another, and so successful have become these advantages, and so much a part of our commercial life, that many are led to the conclusion that to seek the correction of their pernicious features is a waste of time and effort.

And yet, as was evidenced by the larger number of our replies, it belongs to those who are able to "find tongues in trees, books in the running brooks, sermons in stones, and good in everything," to be the prophets of to-day and the empire builders of to-morrow.

They see in the modern corporation nothing wrong *per se*, but only so far as their rights and privileges are exclusive or infringe upon the rights and privileges of others, or where by unlawful control, they acquire an unfair advantage and distort the natural law of the survival of the fittest to the survival of the favored.

The creation of corporations, the combination of business interests, all have for their prime object greater economy in operation, more satisfactory service, the saving of waste. All these are laudable objects, and up to this point there is little need of regulation.

There has recently appeared in the heavens a star of great promise. It is the hope that the old order of things is disappearing, to be destroyed in fact by its creators. That the erstwhile feeling of fear, previously mentioned, which naturally resolved itself into distrust and then into unfair competition is now disappearing. Earlier distrust is giving way to modern confidence and reciprocity. The ancient Chinese Wall of protection and favoritism is being levelled, and we have in its stead the boundless plain of open, fair and even helpful competition; and what we need is faith to believe that when this question is more widely understood, better conditions can be created.

It should be our purpose to correct the bad incident to the present system, but not to destroy the system. Our present almost impregnable position commercially among the world's powers has been acquired the more quickly, the more surely, for the reason that the master minds of to-day years ago had the courage of their convictions, and where we feared to tread, went boldly forth.

And it is due to their prodigality of resources, their confidence in the future, that we, their calumniators of to-day, have seen our respective business enterprises grow from small beginnings to mighty factors in trade, and the waste places of our land to blossom like the rose.

Not long since one of our great Captains of Industry made the statement that to know your trade personally meant one-half of your success, and then added, "and to know your competitors personally means the other half." While this statement at first thought has a sinister significance, doesn't it after all only mean that your competitor has the same right to live and breathe, and the same right to a more or less healthful condition of temporal affairs as yourself? And a closer relationship

will accord him that privilege. And will any one present challenge the statement that the seed of this most beneficent present-day outlook was sown years ago at Toledo with the birth of the National Association of Credit Men?

Credit men recognized that they could not permanently build by making stepping stones of others' misfortunes, and their plan of progress is mutual helpfulness, a common front against a common evil, a united action for a general good. To carry out these purposes it has been found necessary to work along the lines of new legislation, but we all recognize that it is not more, but better law that is needed.

Before the Sixtieth Congress there were presented 85,000 bills, resulting in 12,834 new laws. We create a law every year for every 4,500 of our population. Great Britain enacts a new law for every 180,000 of her population.

If in the enactment of laws the word "co-operation" could displace the word "competition" we would take a long step towards the proper conception of the true meaning of commercial progress.

Oppression but briefly precedes migration. It was true in Bible times; it is equally true to-day.

Capital and business will not long stay in any community or any state where the burdens imposed are unreasonable and unfair.

The State of New York has recently given us an object lesson of the truth of this statement in the operation of its recently enacted graded inheritance tax. It is stated that in New York City alone 5,700 safe deposit boxes have been surrendered since July last, when the change in their inheritance tax law went into effect.

The law as it stood prior to July last was sufficiently obnoxious, calling for 1 per cent. on direct inheritance to 5 per cent. on collateral inheritance. Now the inheritance tax runs, on direct inheritance from 1 per cent. on sums running from \$5,000 to \$25,000, increasing 1 per cent. at a time up to 5 per cent. in excess of \$1,000,000, and an inheritance from a distant or non-relative starts in at 5 per cent. and runs up to 25 per cent. While the State of New York collected in six months of 1910 over \$8,000,000 under the operation of the new law, being more than was collected during the whole of 1909 under the old law, it is predicted that owing to the marked exodus of capital, the ultimate returns will show a lesser amount than under the old law.

Let us give you a concrete illustration of how this inheritance tax might work as applied to the laws of two states in a not impossible case.

We have spoken of the immediate and wholesome response of Oklahoma City to our request for "copy." It would not be strange if the chairman of this committee were to deduce from that incident that the action of the association there was but typical of the entire state's forwardness in all matters relating to material advancement, and conclude that stock in an Oklahoma corporation would be an unusually attractive investment proposition, and accordingly acquire a \$2,000,000 holding in some Oklahoma corporation.

But suppose he had a valued friend whose great activity and high degree of service in his own line of work, while recognized, could not be adequately compensated; and, instead of taking this stock in his own name, he should take it in that of his friend. Suppose, in consideration of love and affection and back salary, he should present this \$2,000,000 in stock to Secretary-Treasurer Meek, what would happen?

Mr. Meek would at once, while accepting the same, recognize the fact that this gift was very much in the nature of a collateral inheritance, and being conscientious, would appreciate the impropriety of passing it along to his next of kin. Accordingly he makes his will, bequeathing this stock at his death to the Prosecution Fund of the National Association of Credit Men, creating thereby another collateral inheritance, and names his best friend as executor.

Having attended to these details in the manner which his high sense of honor and duty suggest to him is right, he next turns his attention to the income upon his stock, which is clearly his own to have, to hold or to spend.

This house of clay we all inhabit can only endure a limited amount of grief, and furthermore can only withstand a certain amount of joy. A few lines of correlative figures, a brief glance at an unfolding picture, and the end is reached. Mr. Meek dies of sheer joy.

His executor, having no thought, of course, of his commission, but mindful only of a prompt and faithful discharge of his duties, immediately forwards the stock for transfer. Upon arrival the matter is referred to the State Mathematician.

The problem is this. A collateral inheritance tax upon a \$2,000,000 legacy in an Oklahoma corporation.

Rule—First \$100 exempt. Multiply excess over \$100 and up to \$600 by 5 per cent. Multiply excess over \$600 up to \$95,600 by an increase of 1-10 of 1 per cent. in rate on every \$100 increase over \$600. Multiply all excess over \$95,600 by 100 per cent. Answer, \$1,951,930. And the executor receives a check for \$48,070.

The late lamented, it must be borne in mind, lived in the State of New York, which also has a collateral inheritance tax, and a State Mathematician who has been busy in the meantime. Here is his problem.

Multiplicand, the same. First \$100 exempt. Excess over \$100 up to \$25,000, multiplier 5 per cent. Excess over \$25,000 up to \$100,000, 10 per cent. Excess over \$100,000 up to \$500,000, 15 per cent. Excess over \$500,000 up to \$1,000,000, 20 per cent. Excess over \$1,000,000, 25 per cent. Answer, \$418,745, and the executor is personally responsible to the state for its payment.

What are the sum-totals?

Your chairman's asset column has been reduced by \$2,000,000. Mr. Meek's executor is actually out of pocket \$370,675, and Mr. Meek has passed away merely for the joy of it.

To those to whom it occurs to inquire why the tax paid upon this legacy to the State of Oklahoma should not be a credit on the tax charged by the State of New York, we would add that but two states, Maine and Vermont, give credit for taxes paid to states which reciprocate.

Oppressive taxation will result in one of two things, migration or revolt.

So submissive have our corporations been to the yoke of taxation that in some states direct taxation for state purposes has been entirely abolished. Indirect taxation has been found to be so easy, so successful, so magnificent in its returns, that it has actually embarrassed the appropriating powers of the states to dispose of the receipts. Too

much could not be said of the evils resulting from indirect taxation. It breeds extravagance.

The argument that such a tax is not "felt" is a poor one, for it is felt in a most practical way in the increased cost of living. Every dollar that is wasted must be earned by someone, and whatever is uselessly wasted diminishes the resources of the one who earned it. Our whole effort should be along the line of reducing expenses rather than increasing revenues.

Governor Dix in a message to the New York Legislature says "Excessive taxation is next door to criminality, for it inevitably breeds extravagance, waste, and criminal corruption."

The corporation burdened by a heavy direct tax to support an expensive local municipal organization, a state tax, both direct and indirect, to provide for an extravagant state organization, and a federal income tax to help support a billion dollar Congress, finds itself confronted with the alternative of dissolution or liquidation.

But before either one of these two alternatives is acted upon, the sober second thought, the better judgment of the country will express itself. It will say, we want federal incorporation, but we also want federal taxation to protect us from unjust taxation. "Any unnecessary handicap on enterprise is a direct check on the prosperity of all the people."

We appreciate that it takes some courage in the present day to defend corporations, but we are just beginning to recognize that the people own the shares of all corporations, at least in a much larger measure than is commonly supposed, and in defending the corporations we are defending the people.

What we do *not* want is public extravagance.

We conduct our business along the lines of strictest economy, to the end that we can pay American wages and earn a fair return to our stockholders, and as stockholders in the national government we insist that it be operated along the same lines.

The American people will no longer view with complacency evidences of governmental inefficiency and dishonesty, but will insist that our government shall give evidence of the same intelligence, industry, thrift and self-denial that make for success in our own enterprises, and without which there can be no real progress either as an individual or as a nation.

Many things in the march of events point to the ultimate extinction of state boundaries. The Audubon Societies are asking for a federal law to protect the birds of the air, for they recognize no such barriers. Modern rapid transit is obliterating them. Air navigation will soon make them unrecognizable. No grander or more thrilling declaration was ever uttered than "I am a Roman citizen." It has its counterpart in the words "I am an American citizen." We do not speak with the pride of our fathers that we hail from the old Keystone State, and even the announcement "I am from Missouri" does not occasion the immediate activity that was formerly employed.

Some go so far as to predict that the time will come when the question of state's rights will cease to be, for the reason that there will be no states. Those red lines so familiar to us all will only describe precincts or voting districts of our great nation. Business

development is going forward with leaps and bounds without regard to state lines or constitutional limitations.

A good friend of this Association, Judge Peter S. Grosscup, in speaking recently before the Republican Club of New York City said, "There has been a development of the law. My own theory of the latter growth is, that the law is the garment with which business is clothed and that the garment should be cut to fit business instead of trimming business to fit the garment of the law."

If the tendency towards a centralized government is to be checked, the initial action must be taken by the states themselves—they must keep in mind that the declared purpose of the framers of our Constitution was that our federation of states was to "establish justice, insure domestic tranquillity and promote the general welfare."

It is true that the Federal Government has no powers not delegated by the states. Federal control of foreign commerce, defense, interstate commerce, harbors and navigable rivers is unquestioned. All power not delegated to the Federal Government was retained by the states. Yet we must always keep in mind the fact that there is one power greater than either, and that power is lodged in the people themselves.

While we must admit that highest efficiency is found in a centralized control, we do not believe that efficiency alone begets that altruistic condition that the framers of our Constitution had in mind when they used those simple words "the general welfare."

Those who oppose a federal incorporation law are impelled by this fear of centralization. The president of an Ohio trust company in writing to this committee says: "In multiplying the number of corporations under a National law, there is a sure tendency to build up a department that would be autocratic and through which it would always be difficult and next to impossible to get relief in an ordinary man's lifetime. A student of government knows the danger of government by departments. The head of the department gets to be by tradition and practice almost if not absolutely supreme. Nobody elects him and to have an unworthy officer removed is always difficult when he is appointed."

The advocacy of uniform state incorporation laws is pretty nearly general, and yet the result of twenty years of unremitting work along this line has netted us a bare half dozen uniform state laws.

Men are busy, business is urgent, and states having incorporation laws less inviting to business enterprises than some others, disturbed over the fact that local capital is going abroad, are even now anticipating ultimate state uniformity by going cross lots, as it were, for it. H. B. No. 388, presented at the last session of the Ohio legislature, is the short cut. Ohio is the second state to bring forward this identical bill, and as it bids fair to be a piece of popular legislation, and has at least the virtue of brevity, we produce it in its entirety.

"A BILL

"Relative to the powers, authority and privilege of foreign corporations.
"Be it enacted by the General Assembly of the State of Ohio:

"Section 1. That no corporation organized in any other state shall have or exercise any power, authority or privilege in this state which is not possessed by a corporation of the same class organized in this state.

"Section 2. No corporation shall have or exercise any power, authority or privilege in this state which it does not have in the state in which it is incorporated, and such corporation is hereby expressly prohibited from doing any thing in this state, which it might not lawfully do in the state of its incorporation."

It is not impossible, but it is difficult to create uniform state laws modeled after a federal act. Change in such a law, when necessary, should first occur in the federal law, to be followed in due course by corresponding changes in the several state laws.

In actual practice, however, we find, as is being illustrated by the National Pure Food Act, that it seems almost impossible to keep the different states from getting ahead of the procession. State legislatures change in character so much faster and more completely than does our National Congress, and are at the same time so much less deliberate, that they even now in the case of the Pure Food Law are getting very much out of line as regards each other, and are all tending to get ahead of the Federal Act. The thousands of telegrams going to state legislators all over the country, and to their constituents, from national and state organizations, beseeching that state legislation "wait a minute" until the desired amendment is first incorporated in the Federal Act, discloses an almost ludicrous situation, and at the same time furnishes us a disquieting illustration of how in actual practice the same plan might work with an incorporation law.

We are of the opinion that state uniformity is possible, and that the necessary influence could be secured to maintain it.

This committee advocates a federal incorporation law compulsory for all companies engaged in interstate commerce; and inasmuch as Congress appears to have the constitutional right to create excise taxes for other than war purposes, we favor a National tax on federal corporations, which shall protect them from all state taxation other than local taxes upon their physical assets. Beyond this the states should clearly have no right to go, inasmuch as the power to tax carries with it the power to destroy, which power could only be lodged in the Federal Government that created the corporation.

While Congress, we are reasonably sure, has the constitutional right to make the Federal tax the only one, it is not so certain that it would do it. There of course would be intense opposition from all the states now fattening upon corporation taxes, but this very opposition would in our opinion be the best argument why it should be done.

There must be found men in this country, and if they cannot be found in sufficient numbers outside the ranks of credit men, we must assist in producing them—who will say with Governor Judson Harmon of Ohio, when opposing an increase in excise taxes, "The moral effect of the assurance that fairness and justice will rule with respect to all taxpayers alike is an asset in good government whose value cannot be expressed in figures," and he goes on to add that the extra revenue so created is not needed.

As this committee essayed merely to mirror to you the opinions of others, this paper would not be complete if they were omitted. So we ask your further indulgence to learn what some of our National leaders have to say on the subject of federal incorporation.

President Taft's position is well known—he says:

"I am inclined to think that it will be found wise after a time to

recognize those great organizations, concentrations of wealth, and plant, and capital that do a country-wide business, going into every state, whose business is almost wholly interstate, to recognize them as instrumentalities of interstate commerce and to incorporate them in order that we may get them more directly under the control of the National Government."

President Seth Low, of the National Civic Federation, stands squarely on federal incorporation with the following:

"It may satisfy the critic to denounce this plan of national incorporation as unconstitutional; but that does nothing to relieve the intolerable situation which the plan is intended to amend. What the country needs is constructive statesmanship in this matter, and the critic should be turned out of court unless he can present a plan as good or better that will give the necessary relief. In case of need, the Constitution must be amended.

"The intolerable situation to which I refer is this: That in the United States there is no government at all which controls both the company that does interstate business and, at the same time, the interstate business that it does. The state controls the corporation, because the state creates it; and Congress, under the authority of the National Constitution, controls the interstate business that the corporation does. For the purpose of emphasis, I ask again, therefore, that you notice what the real question is. It is not whether the nation, rather than the state, or the state, rather than the nation, should exercise this authority. The situation at the moment is, that neither the nation nor the state does exercise at present such comprehensive authority both over corporations doing interstate business and over the interstate business that they do."

The remedy follows:

"The choice must be made from among three possible solutions:

"*First*—What we have now, with one government controlling the corporation that does interstate business and another government controlling the interstate business that is done, but with no government at all controlling both the agent and the business that it does;

"*Second*—Through the contributory action of Congress to have forty-six states control both the agent doing interstate business and the business that it does, each state looking out for itself against all others;

"*Third*—To have the national government, through the exercise of its power under the interstate commerce clause, incorporate companies to do interstate business, and thus control all over the Union both the agent doing interstate business and the interstate business that it does.

"As between these three solutions, is it not clear that the last represents the dictates of good sense, of our own experience, and of the general practice of commercial nations."

Professor Seligman, of Columbia University, while confident of ultimate federal control, admits that it has a rocky road to travel:

"There are really only two possible schemes. The one is to extend the mantle of the National Government, under the Interstate Commerce clause, to much of what is now subject to the mercy of state whim and caprice. Not alone through the Interstate Commerce clause, but possibly also through other clauses in the Constitution, it will be possible gradually to build up a national common law and a system of national supervision of matters that have really become national in scope. This, in my opin-

ion, is bound sooner or later to come, but there is no doubt that for a considerable period, at least, the waves of national control will beat unavailingly against the rock of state sovereignty."

Ex-Governor Hughes calls upon the states to see the handwriting on the wall, and spurs them on to greater efficiency if they wish to avoid the otherwise inevitable:

"Whatever view may be taken of the advisability of extending federal power or of a wider exercise of existing federal power, it is manifest that the future prosperity of the country must largely depend upon the efficiency of state governments. National activities inevitably will widen, and if we are to prevent an excessive strain upon national administration, we must develop our local agencies to their maximum efficiency within their proper spheres."

Ex-President Roosevelt, in his characteristic way, recognizes the good he finds in either plan:

"I do not ask for over-centralization, but I do ask that we work in a spirit of broad and far-reaching nationalism when we deal with what concerns our people as a whole. I no more make a fetish of centralization than of decentralization. Any given case must be treated on its special merits. Each community should be required to deal with all that is of merely local interest; and nothing should be undertaken by the government of the whole country which can thus wisely be left to local management. But those functions of government which no wisdom on the part of the states will enable them satisfactorily to perform must be performed by the national government."

Judge Alton B. Parker views with apprehension the extreme swing of the pendulum from states rights to centralization, and admonishes the states to awaken to a realization of their own duties to the country at large:

"Action and reaction is the law of the universe, the ultimate effect of which, if wisely observed, is to purify the social, moral and political atmosphere. The extreme assertion of the doctrine of states' rights reacted in the form of our great Civil War, and now a reaction, let us hope, is beginning against one of its extreme consequences, namely, paternalism or centralization. So much was accomplished by the necessary centralization of power during that fratricidal struggle that we have all but consciously come to regard the central power as the panacea for all the evils of diverse state policies and laws. And so it may be accepted in the end, unless there be harmony in respect, at least, to the general principles of legislation in the several states and uniformity in respect to formal matters."

Our final reference is a forceful plea by Hon. Elihu Root for the continuance of state control over business, even at the expense of efficiency:

"The framework of our Government aimed to preserve at once the strength and protection of a great national power, and the blessing and the freedom and the personal independence of local self-government. It aimed to do that by preserving in the Constitution the sovereign powers of the separate states. Are we to reform the Constitution? If we do it

as to insurance, we must do it as to a hundred and thousand other things. The interdependence of life, wiping out state lines, the passing to and fro of men and merchandise, the intermingling of the people of all sections of our country without regard to state lines, are creating a situation in which from every quarter of the horizon come cries for federal control of business which is no longer confined within the limits of separate states. Are we to reform our constitutional system so as to put in federal hands the control of all the business that passes over state lines? If we do, where is our local self-government? If we do, how is the central Government at Washington going to be able to discharge the duties that will be imposed upon it? Already the administration, already the judicial power, already the legislative branches of our Government are driven to the limit of their power to deal intelligently with the subjects that are before them. This country is too great, its population too numerous, its interests too vast and complicated already, to say nothing of the enormous increases that we can see before us in the future, to be governed as to the great range of our daily affairs, from one central power in Washington. After all, the ultimate object of all government is the home, the home where our people live and rear their children, with its individual independence, its freedom; and I am not willing, for the sake of facilitating transaction of any kind of business, to overturn limitations that have been set by the Constitution—wisely set—between the powers of the National and State governments. Great is our nation. Let it exercise its constitutional powers to the fullest limit, but do not let us in our anxiety for efficiency cast away, break down, reject those limits which save to us the control of our homes, of our own domestic affairs and of our own local governments. For there in the last analysis under the protecting power of our great nation, there must be formed the character of free, independent, liberty-loving citizens upon whom our republic must depend for its perpetuity."

In the foregoing excerpts we have set before you the best thought of the country for and against federal control.

The encouragement we find in the prospect is that its solution is so largely in our own hands if we acquit ourselves as men.

Our state association machinery, operated by capable, earnest credit men, should become the essential instrumentality to secure uniform state legislation covering the control of corporations in intra-state business. The necessary impulse to that work is born of our noon-day lunches, our monthly meetings and our annual conventions.

Let us tell you in Secretary Root's own delightful language how such occasions create the impulse. He says:

"As between individuals, as between groups of citizens, as between nations, isolation is the parent of misunderstanding, of hatred and of strife. Conference, mutual knowledge, the softening that comes from meeting our fellow men face to face—that is the process by which good citizenship and sound and rational judgment results."

Long before the day we may hope to see uniform state corporation laws, we will probably have a federal law for corporations engaged in interstate commerce.

Do not be doubtful of ultimate results, for you have the assuring knowledge that opposed to any vicious measure, any unfair official, or legislature, is at all times a greater power than either State or Federal—

the voice of the people—a voice that will always prevail. Our local legislators recognize this condition, and know the limits beyond which they may not go if they wish to prevent, as President Taft says, “an excessive strain upon national administration.”

While our corporations have oppressed, let us keep in mind the titanic strides, we have made as a result of their earlier foresight and daring, and that much of this advancement may have resulted from measures which seemed oppressive. Let us not forget that two wrongs do not make one right, and so avoid retaliatory oppression, some evidence of which we see in the one instance we have cited of unreasonable and unnecessary taxation.

Let us give our earnest, conscientious thought and effort from this day to the subject of both state and federal corporation law, with the hope that we can inspire laws based upon the principle that “Whatsoever ye would that men should do unto you, do ye even so unto them.” This is the Golden Rule, and no real growth was ever made by individual or nation who denied its control.

One of the resolutions passed by last year’s convention seems so appropriate that we ask its re-affirmance in the following form:

“Resolved, That a special committee on Federal Incorporation Law be continued, in order that it may follow carefully all bills regarding federal incorporation which may be introduced into Congress, and, when it is apparent that such a law is likely to be passed, use all legitimate efforts to have it so framed as to be fair and equitable to the incorporators and stockholders, protect the interests of creditors, and provide against dishonesty in promotion, overcapitalization, and misleading financial statements.”

Respectfully submitted,

F. B. BROWN,
JOHN DUFF,
WM. JAMES,
M. C. PALMER,
F. G. KING, *Chairman*.

President McAdow—If you will bear with the chair a moment, the intoxicating effect of this committee’s title upon the mental condition of the men who become chairmen, is apparent; it is a psychological state. If the report last year was a thesis, this must be a new system of philosophy. (Applause.) Bacon gave us the inductive method, and this must be the seductive method. (Laughter.)

The question is upon the report of the committee which is before you and the resolution, and Mr. King will have the floor.

Mr. King—I move the adoption of both report and resolution.

Motion seconded.

President McAdow—The motion is that the report and resolution be adopted in their entirety.

Unanimously carried and so ordered.

President McAdow—We have now reached an interesting phase of our program, short addresses by members, and we will have the pleasure

first of hearing from Mr. Frank S. Flagg, of New York City, whose topic is: "A Message from the East." (Great applause.)

A MESSAGE FROM THE EAST.

Address by Frank S. Flagg, New York, N. Y.

Mr. President and Gentlemen of the Convention:

We have been given a glimpse of a wonderful city. We have felt in our hearts the warmth of that special brand of hospitality which is characteristic of the people of the West and here beneath the canopy formed by that portion of heaven which smiles upon one of the loveliest spots in this fair land of ours, we have been permitted once more to assemble and meet one another face to face in our annual reunion. It seems fitting and proper that the opportunity which comes from such occasion as this be taken to extend the greetings which I bear from the association which has honored me with its presidency and I therefore, take great pleasure in extending to each and every delegate from every local association represented here, the assurance of the warmest feeling and the most fraternal consideration on the part of the New York Credit Men's Association.

The nature of our vocation peculiarly trains us in cultivating long distance acquaintanceship, for where will you find the members of a given profession engaged, as we are, in confidential relations with people they have never seen, extending the use of our capital, so to speak, to men who are known only through those processes which trained credit men can rightly employ, by means of which we of New York can gain sufficient knowledge of a debtor in San Francisco to warrant us in trusting him with our goods. So I say the very nature of our work makes us adepts at developing long distance acquaintance with men and this we must develop more fully.

The message I would like each and all to take home with you is that the New York association appreciates its responsibility as the parent association and desires you to feel that it is at all times willing to be of such service as lies within its power. Its resources are open to you and you are heartily welcome to them. Our latchstring hangs on the outside and the rule of our house is to turn no one away.

I feel that we are better credit men for having met here this week and the inspiration we have received from the work of the convention and from personal contact will make us, if possible, more loyal to our great cause both as individual credit men and members of our beloved Association. Then, too, I am sure we cannot fail to carry to the four corners of our magnificent country a profound impression which must come to one who abides even briefly in this magnificent city—a feeling which is not alone inspired by the splendor of the entertainment which the Minneapolis and St. Paul associations have bestowed but from an appreciation of the fact that the hand of the Almighty has touched this spot and made it wonderfully beautiful. (Applause.)

President McAdow—The next paper will be "Filing of Collection Items," by Mr. C. W. Hughes, of St. Louis.

FILING OF COLLECTION ITEMS.

Address by C. W. Hughes, St. Louis, Missouri.

Mr. President and Gentlemen of the Convention:

Of late years, cards, or more properly speaking, the card system has become almost indispensable in the well regulated and up-to-date office. Cards have invaded every department. Their use and methods of employment are too manifold to attempt to describe, but I want to illustrate how they can be successfully employed in the collection department in conjunction with the credit department.

I know from experience that a long involved paper in explanation of a system is very confusing—in fact the beginning is forgotten before the end is reached—and so I will endeavor to explain the system under which I keep track of collections in as few words as possible.

We will take up the matter from the receipt of the shipping ticket and order from the factory, from which point the system practically begins.

First the order goes to the entry clerk, who, when he has entered

DUE _____
DATE _____ TERMS _____
\$ _____

REMARKS	
CASH	STAT'MT SENT _____
	LETTERS _____

	DRAFT _____

DUE _____
DATE _____ TERMS _____
\$ _____

REMARKS		PAID	
LEDGER	BALANCE _____	CASH -	_____
	_____	DISCOUNT	_____
	_____	FREIGHT -	_____
	_____	SHORTAGE	_____
	_____	_____	_____
	_____	TOTAL - -	_____

it in the sales book, makes out cards in duplicate, on one of which is the word "Cash." This card is sent to the collection department. On

the other is printed the word "Ledger" which goes to the cashier who files it in a drawer marked "Ledger." These cards are blocked alternately, "Cash" and "Ledger," so that by using a carbon sheet, but one writing is necessary. On the ledger card are lines for the customer's name and address, these lines being on the right hand side of the card. On the left hand side are lines for the due date of invoice, date of invoice, terms and amount. Underneath the address, and arranged in statement form are the words:

Cash
Discount
Freight
Misc. Allowances

the total of which should agree with the amount of the invoice. When remittance is received these various items are entered upon the card which is given to the posting clerk to enter in the ledger, as we do not post direct from the cash book, the daily total of postings being compared only—the card being retained by the posting clerk for future reference if necessary.

The "cash" card is the same as the "ledger" card only as far as the head lines are concerned—that is, name, address, memorandum of invoices and amount, which items take up about one-quarter of the card. Underneath this heading on the "cash" card is a line reading "Statement Sent" the balance of the ticket with lines for remarks—the first of these lines marked "Letters" the last one "Drafts." These cards are filed in a cabinet drawer under their due date, and if the account is paid (because of discount) before it becomes due, the card is taken out and destroyed by the cashier. The cards are easily found on account of the due date having been placed on the ledger cards as previously mentioned.

The due date file is referred to every day or so and statements sent out from the cards two or three days before the accounts become due, the date of sending the statement being placed upon the line marked "Statement Sent." This card is then transferred to another drawer marked "Past Due Accounts," this drawer being arranged alphabetically.

Before statements are sent out these cards are always compared with the ledger to see if the account has been paid, or to make sure that through some oversight the card was not removed from the file. This system keeps the "Past Due" and "Not Due" accounts in their separate compartments.

As we do not send out statements on the first of the month, but only as the accounts become due, I place certain signs or figures after each item in the ledger when statements are sent, customers written to or drafts drawn. By this means I can tell at a glance by referring to the ledger how the customer pays his account, whether discounting, paying on receipt of statement, or draft, or if draft is returned unpaid, etc.

Should an invoice become due before a previous one has been paid the word "Over" is stamped upon the face of the card, and the past due invoice transferred to the back of the card under which is placed the date and amount of the invoice just coming due, and a statement is sent for the past due and maturing invoices.

By the signs and figures on the ledger you can determine if the statement has been sent and therefore find the card in the "Past Due"

drawer. I have no certain hours or time to go through this "Past Due" drawer, but at every opportunity run over as many accounts as possible, using a shifting card to designate the point where I was compelled to stop and commence there at the next opportunity.

Before writing regarding past due accounts, the ledger is always referred to for two reasons—first to make quite certain that the account has not been paid, and the card overlooked, and second in order that I may keep closely in touch with my accounts. This is especially necessary in our business because we ship from St. Louis as also from several eastern plants, billing from each.

When going through the cards in the "Past Due" drawer, accounts are found in which no attention has been paid to statements or letters. They are either drawn upon or a letter written stating that draft will be made on a certain date if remittance is not received prior to that date—the date of the letter and date on which draft is to be made being placed on the line marked "Letter," and the name of the customer is placed on a calendar pad (I use this in preference to a tickler as I find it more convenient). The card is then returned to the "Past Due" drawer.

When the date mentioned has arrived and the account has not been paid, a draft is drawn, and the name of the bank with the date entered on the line marked "Draft." This card is then transferred to a drawer marked "drafts" to await either check or return of the draft unpaid, as we have printed instructions to the bank on a perforated slip attached to the draft, for the bank to hold a few days if prospects for collection are good. A reasonable length of time is allowed, and if nothing is heard regarding the draft the matter is taken up with the bank. This occurs very rarely, and is only occasioned by the draft being mislaid by the bank or miscarried in the mail.

Our system has been found very satisfactory as it keeps us continually in touch with the past due accounts: It is rapidly worked and in fact the explanation of the system is the most intricate part of it.

I hope I have made the explanation plain enough so that the system can be understood, but would be pleased to explain further if anyone desires it.

I thank you for your attention. (Applause.)

President McAdow—We shall now have the pleasure of hearing an address by Mr. J. H. Scales, of Louisville, Kentucky, on "The Buyer's Credentials."

Mr. Scales—It is related as an incident in the life of Abraham Lincoln, authoritatively, of course, that a mother who was interested in the proper physical development of her son, propounded to him the question: "What is the proper length of a man's legs when compared with his body?" Mr. Lincoln replied that without having had an opportunity to give the question serious consideration, he would at least venture the suggestion that they should be long enough to reach only to the ground. (Laughter). Noting the hour set for these short addresses, I feel that I get a hint in regard to the length, and believing that I appreciate your feeling in the matter, I think you will not object if I make the body appear a little short.

THE BUYER'S CREDENTIALS.

Address by J. H. Scales, Louisville, Kentucky.

Mr. President and Gentlemen:

It was not my privilege to attend the last convention of this great organization, though it was with pleasure that I learned later that a paper I had submitted to the Committee on Credit Department Methods, on the subject of "Opening New Accounts," had received favorable mention at New Orleans. While I do not purpose giving you a "second dose" of the same subject, I shall endeavor to offer a few thoughts on some of the points that could not be elaborated upon before, giving my remarks the caption "The Buyer's Credentials."

Perhaps few of us stop to consider the continual shifting that is going on in the commercial world. While there are many names that endure year after year, and occasionally from generation to generation, most of them, like certain of the comets, appear but once to our view and are forever lost or else they come back at intervals to dazzle us with their brilliancy and then fade away or temporarily drop from sight at 30 cents on the dollar; and so I suppose that this shifting would be equivalent to a complete change every five years—consequently the house that would extend its field of operation or even hold its own, must be constantly reckoning with a list of new names. We spend a considerable part of our time in examining the reports and other data that give these prospective or would-be customers the right to have their names enrolled in our ledgers. On many of them, the reports are such that there is no doubt about their standing; an examination of their credentials is but a formality. This is the desirable class, representing the majority of dealers and to such, admittedly, it should be our purpose to extend credit upon the most liberal basis consistent with the conditions surrounding the risk.

But on a large percentage of the names that come before us, our information does not clearly define the applicant's standing, and sometimes it seems as if it is only through the credit man's apparent intuition that a decision can be reached. Unfortunately, we have no laws to prescribe the qualifications of those who would engage in the business of buying and selling merchandise, so there is ever being presented a number of names of firms whose existence in the commercial field will be a menace to the more practical and successful dealer, and whose certain end will mean a loss to their creditors.

As the credit man attempts to analyze the vast amount of data relating to these questions, as he sifts the bad from the good, I think his ability to do so is not always shown by the smallness of his loss ratio. A good credit man cannot be judged wholly upon this basis but rather upon the nearness to which he can come to the ratio as set by his house to enable it to carry out its sales policy. The question of determining a satisfactory loss ratio should not be left altogether to the credit man, for as the results of his efforts must always show negatively, his natural inclination is toward the side of ultra conservatism. I believe it is possible to determine almost definitely what the loss ratio should be. Time will not permit me to discuss this point at length except to suggest that it could be arrived at by keeping a record of the business turned down, both from prospective and regular customers, which would enable one to ascertain the amount of profit sacrificed to maintain a certain ratio. By a little experimenting, it could easily be determined whether it

would be more profitable to raise or lower the loss. The ability to do that would decide how well the credit man is "on to his job."

Then arises the question of the best methods for gathering the necessary credentials in order that we may attain the standard we had set for ourselves. Some of them are in such general use that it would be superfluous for me to mention them, so I shall only say briefly that in the case of voluntary orders, the credit is usually determined by agency ratings and if necessary, these ratings are verified by means of special reports from the agencies or through references furnished by the applicant, but probably it is the experience of most credit men that the majority of sales are made by traveling salesmen, and here is where we should have the opportunity for a more thorough investigation. While the task of passing upon the credit of a new customer is of great importance, we must not lose sight of the fact that there is also a very essential act that precedes it. A well-known authority on gastronomy, in giving a recipe for cooking rabbit, is accredited with having originated the significant suggestion, "First, catch your rabbit." The same thought is pertinent, and should be always before the credit man when rendering his decisions for perhaps the feature of greatest consequence in connection with the transaction, is that of winning the customer.

It is a very common thing for the credit man to criticize the salesman for failure to do so and so, and I want to assure you that you will never make a perfect credit man out of a good salesman. I know that my house has the finest body of salesmen in existence (and that is what every credit man should think of his concern's salesmen), but the very existence of this fine sales force is assurance that I will never get perfection in matters of credit; nevertheless, by encouragement and the exercise of patience, by instructing, and sometimes by being a little "hard-headed," it is possible to get a great deal of help from this source.

The salesman should be impressed with the importance of sending in full reports with all orders for new customers. A "Salesman's New Customer Report Blank" should be provided for that purpose. It should be of the simplest form, containing only vital questions, so worded that they can generally be answered by a "Yes" or "No." These reports are valuable because they compel the salesman to consider the firm's credit standing and teach him to discern the essential characteristics of a good risk. A vital point, and one in which the salesman should constantly be drilled, is that of furnishing references, which this great organization has made the best source of all others for obtaining satisfactory and conclusive credit information.

But, after we have gotten all the reports, how are we going to use them? There are various schemes for doing this—many very scientific and elaborate, but for my part, nothing suits me so well for guiding me in passing orders, as the ledger page, for it always shows the condition of the account "up to the minute." Time will not permit me to go into all the details that might be suggested along this line, except to refer briefly to two points that seem to be important:

First—While the credit department as a matter of sound business policy should be entirely separate from the accounting department, and make no entries on the books, it should also be a rule that no account could be opened except by authority of the credit department and the ledger page should always bear the credit man's O. K. This is not only a safeguard against irregularities but it prevents or immediately calls attention to possible errors.

The other feature I would suggest is that we always have a number of names on our books whom we regard as "gilt-edge," and the question before us with them is not how much we are *willing* to sell them, but how much *can* we sell them. For such firms, why the delay and extra work of sending their orders to the credit department? I believe that in practically all houses to-day, there is some sort of a card record of the customers kept by the sales department, and I would suggest the plan of stamping a star, properly authenticated by the signature of the credit man, on the cards of these good customers, which would be authority to the sales department immediately to pass through any orders received from them. It would mean not only a saving of time and detail, but better service to the customers who deserve this treatment. (Applause.)

President McAdow—We have another address on the program for this hour—"The Golden Rule Applied to Credit Inquiries," prepared by Mr. J. A. Cattell, St. Joseph, Mo. (Read by the secretary.)

THE GOLDEN RULE APPLIED TO CREDIT INQUIRIES.

Address by J. A. Cattell, St. Joseph, Missouri.

Mr. President and Gentlemen of the National Association of Credit Men:

So much has been written and said under the subject of what I have chosen to call, the "Golden Rule of Credit Inquiries," that I shall not attempt to give you any new thoughts on this topic. All I want to do is to reiterate what has frequently been said, for this is something that must be "rubbed in," if you will allow that expression.

The Golden Rule as laid down by the "Man of Gallilee," makes just as solid and safe a foundation for the building of a system of interchange of credit experience, as it does for any other sort of relationship between men. It has long since been found that the man who puts the most in, gets the most out, and that the man who is always taking and never giving, is soon "all in."

It is, of course, fair to presume that credit men in general appreciate the value of interchanging ledger experience, but, many seem to lose sight of the fact that the credit man of whom the inquiry is made is entitled to something.

The firm which I represent receives daily many inquiries and few there are which contain the ledger experience of the inquirer, and I am sure that our experience in this respect is not unlike that of most other firms of the middle west.

Right here let me say that from this you are not to infer that all of the unreasonable credit men of our land reside in the east or the far west. There are bunches of them in the Mississippi Valley, yes, in Missouri, and even in St. Joseph, I regret to say.

I am sure you will agree that if our privilege of interchange continues to be abused, this splendid method of getting information which has been built up by years of association teachings will gradually be lost. Every credit man in this country should therefore adopt in a general way the form of inquiry recommended by the National Association of Credit Men. I do not mean necessarily, that all should adopt the identical blank (though that is splendid) but adopt a blank that carries with it the spirit and nature of that offered by the National Association of Credit Men.

After observing the situation thoughtfully for a long time, and after considerable discussion, a few concerns, neighbors of mine, finally con-

cluded not to give information in some instances until the inquirer had first given his ledger experience. I know that this applies the Golden Rule backwards, but, I think it is just as much, yes, more an act of common business decency on the part of the inquirer to give information with his inquiry, as it is to enclose a stamped envelope.

When I say that some, however, have declined to give information, I desire not to be misunderstood. No one appreciates the value of the interchange of ledger experience more than the credit men whom I have spoken of and whom I personally know, neither are there any credit grantors who are more prompt, willing and cheerful in answering credit inquiries than these very credit men. They simply made up their minds that business courtesy must be shown them.

It is not sufficient for a firm to say on its inquiry, "*We have order for \$750,*" because, we have found in our experience that this sentence is used by firms very often which *have had* actual ledger experience, and the order is not a first order. If the inquiry is made upon the first order, that fact should be distinctly stated, if not, then the actual ledger experience should accompany the inquiry. This system should and will bring every inquirer a prompt and honest response.

I want to quote from the report to the New Orleans convention by Samuel Mayer, chairman at that time of the Committee on Credit Cooperation as follows:

"If the members of the Association will remember that one of the purposes of the National Association of Credit Men is the encouragement of the interchange of credit information and will be guided by the spirit of the National Association of Credit Men, it is certain that these abuses will be stopped." This particular paragraph was used in connection with another form of abuse, but, it applies to the subject now under discussion.

Let me further urge upon *every member* of the National Association of Credit Men, the disapproval of this abuse of credit inquiries, lest we finally lose the privilege we have won after long struggle.

The spirit that is fostered by the National Association of Credit Men is exactly that which is set forth in the Golden Rule as given us in the Good Book, and the Golden Rule as applied to credit inquiries might read as follows:

"Whatsoever Ye would that men should *tell* unto you, *tell* Ye even so to them." (Applause.)

The Auditors' report was then read by the Secretary, and was adopted.

It is as follows:

Minneapolis, Minn., June 16, 1911.

To the National Association of Credit Men:

Your committee appointed has made audit of the books of Secretary-Treasurer Charles E. Meek, and has found them to be correct, and the cash on hand to balance with the amount as mentioned in his report.

Very respectfully,

FRANK H. RANDEL,
M. S. GREEN,
HERBERT E. CHOATE.

At this point the president declared a recess till 2.30 o'clock P. M.

FOURTH DAY

Friday, June 16, 1911

AFTERNOON SESSION

President McAdow called the session of the afternoon of the fourth day to order at 2.45 o'clock.

President McAdow—The convention will be in order. There are more ex-presidents of the Association attending this convention than perhaps on any previous occasion. I am sure you would like to see these men on the platform. (Great applause.)

I will appoint as a committee to escort to the platform our first president, Mr. W. H. Preston, Mr. Rapp, of Philadelphia, and Mr. Randel, of Cleveland. They will please bring Mr. Preston to the platform. (Great applause.)

President McAdow—You would hardly think, because it was so long ago, that our first president could be so young, but this is Mr. W. H. Preston, our first president. (Great applause.)

Mr. Preston—*Mr. President, Ladies and Gentlemen:* I was told at noon that there was to be an exhibit of the curios. This is Exhibit No. 1. (Great laughter.) Your cordial acceptance of my presentation has knocked out of my head what I was going to say, but I do want to say this, that I appreciate the fact that I am a wealthy man, wealthy in the host of friends who have been kind enough to visit me while I have been here, and as I said to a company last night, I have always said that next to God give me a friend, and I appreciate that all you men here are my friends. (Great applause.)

President McAdow—The fourth president of the Association was Mr. E. A. Young, of St. Paul. Will Mr. Kentnor, of St. Louis, and Mr. George K. Smith, of New Orleans, please bring Mr. Young to the platform? (Great applause.)

President McAdow—It is my great pleasure to introduce Mr. E. A. Young, of St. Paul, a past president of this Association. (Great applause.)

Mr. Young—When our worthy president asked me to accept a seat on the platform this afternoon, I asked him why he did so, and he said: "Because you are one of the older men of the Association, and the oldest man in the body." (Laughter.)

Now, the older members of this Association are going gradually to step aside, part of them like myself on account of old age, (laughter), and part of them for other reasons, and the duties of this Association and the responsibilities of it are going to devolve upon the younger men. The younger men must appreciate this fact, for since this Association was organized in no instance has any man been appointed or elected as an official who has in any way worked for his own interest or in any way permitted anything but the good of the Association to be his leading forte. I want you all to appreciate that, to keep up the high ideals and keep up the glory of this Association. It is growing very rapidly and is becoming very large, and the dangers will grow as the Association increases. I am honored by this invitation to appear before you. (Great applause.)

President McAdow—Number seven on the list is Mr. O. G. Fessenden, of New York. (Loud cheers.) Will Mr. White, of Chicago, and Mr. Robertson, of St. Louis, escort Mr. Fessenden to the platform? (Cheers.)

President McAdow—Mr. Fessenden requires no introduction. (Applause.)

Mr. Fessenden—*Mr. President, Ladies and Gentlemen:* This is the first time in my life that I ever was on the stage of a real theatre in front of the scenes, and you can know my embarrassment. If I cannot express to you my appreciation of the warmth of your welcome it is because I am too full for utterance. The only objection I have to sitting up here is that I have got to join the wax works. (Great laughter and applause.) But as it is probably the last time that you will ever look upon such an aggregation of talent and beauty, I am willing to sacrifice my pleasure for the benefit of you all. I thank you. (Great applause.)

(Ex-President Gettys then appeared on the platform.)

Mr. Gettys—It is a long leap from the bald-headed row to behind the footlights. (Laughter.) I can understand something about the old days when you had to walk the plank. I will now take my seat over in the museum. I suppose they will dub me the musical idiot. (Laughter.)

President McAdow—I had a committee appointed to escort Mr. Gettys to the chair. That committee would have been Mr. Loeffler and Mr. King. I am glad to make this presentation of the illustrious fathers of this association (great laughter), the men who have so greatly contributed to its success, and I am doing it for one especial reason, and that is because I am about to join them myself. (Great applause and laughter.)

We will at this time have the report of the Committee on Credentials which has not been presented.

Secretary Meek—The registered attendance is as follows:

Delegates	438
Individual members	40
Affiliated members not delegates	87
Non-members including visitors of whom 187 are ladies	236

Total attendance 801

(Great applause.)

President McAdow—We will now proceed with the nomination and the election of president and vice-president, and nominations for the office of president are now in order.

Mr. J. F. Jordan, Minneapolis—I rise to a question of personal privilege, I do not wish to accuse you, Mr. President, of what is known throughout the country as Cannonism, and I do not wish you to look too serious, because I can assure you that this is only a minor operation. (Laughter.) To relieve any anxiety you may have, I will relate a little incident that occurred in one of our municipal courts recently where the defendant's name was Sisson, and he had unfortunately an impediment in his speech. When the judge, using the usual formula, asked him his name, he undertook to reply: Sis—sis—and the judge turned to the officer, and said, "Officer, what is this man charged with?" "Soda and brandy, Your Honor." (Laughter.)

Now, the charge, Mr. President, is not so serious against you. Your fellow-workers wish to prefer the charge, however, that you have at all times since you have been associated with this organization, been bubbling over with enthusiasm, that you have given to it of your energy, of your high talent for executive work, and far more than that, that indefinable attribute of human nature, that touch of graciousness and generosity,

which makes us all feel the brotherhood of man is not a myth, but a living, joyous reality. (Great applause.)

You have assisted, sir, in building up and developing a stable, active, vigorous organization, working along safe lines for the business prosperity of the country. The business world wants and must have stability.

It takes thirty to forty years to make a man, to bring him into the fulness of his powers for development. No new business can be founded over night, but men of great talent figured years and years ahead before they reached the fruitage of their efforts; and business does not wish to sympathize with over-night patent nostrums of legislation that



CURTIS R. BURNETT

American Oil & Supply Co., Newark, N. J.
Director

may lead only to confusion and chaos; and you, sir, in your advice and in your efforts with the officers of this Association during your administration have held the Association to the very best interests of business throughout the country.

We have received more from you, Mr. President, than we can give in return, but it must be a pleasure, it should be a pleasure, to any man

to feel that he has the confidence, the good will, the esteem of the members of this organization, keen analytical minds.

I am sorry, Mr. President, that it becomes my duty to put you in the official discard. (Laughter.)

President McAdow—I have mighty good company.

Mr. Jordan—I will admit that there are some kingly fellows in that discard, such as Cannon, and that fellow from the South whom it is not necessary to name. (Applause.) I should be pleased, Mr. President, in your joining this aggregation to have to carry with you a sentiment from the ancients:

"Look to this day, for it is the life of life; in its brief course lie all the realities of thy existence, the bliss of growth, the glory of action, the splendor of duty; for yesterday is but a dream and to-morrow only a vision. But this day well lived makes every yesterday a dream of happiness and every to-morrow a vision of hope."

In your recollection of your associates, may you always have that dream of happiness of the good work done, and for the future we trust that you will still be with us, that we may be favored with your advice and ability.

(A silver tea set was here brought in and placed on the table.)

And in behalf of the members of this Association and as an expression of their esteem, of their good will, of their wishes for your future and your prosperity, I have the pleasure of presenting to you this token. (Enthusiastic applause.)

President McAdow—Mr. Jordan and my friends of the National Association of Credit Men—and that means all of you—in the two years in which I have held this high position of honor in which you placed me, you have time and again, yea, a thousand times, given me to know and to be sure and to feel that you were my friends. You have shown me that spirit of loyalty and kindness in so many ways that you have become endeared to me in a manner that I cannot explain or understand always myself. It has been a compensation to me all the way through, when the work seemed difficult and rather trying, as it often did.

And now you have added to all these other kindnesses this one gracious, graceful act of generosity that makes the cup run over; and if I have to repay this duty of obligation to-day in words, there is no recourse but to confess judgment and file a petition in bankruptcy. (Great applause.)

I cannot say what I want to say. It just seems as though you have put all your kindness and love into this concrete form of expression, and while I am sure I cannot cherish it any more than I will the recollection of all you have done and been to me, yet this will always be among my most cherished possessions because it does express the love of man to man. (Applause.)

I am going to relieve the pressure a little and take a chance. If you ever get around to 6435 Stewart Avenue, in Chicago, and you are a credit man, come in and Mrs. McAdow will give you a cup of tea. (Laughter and applause.) I thank you with all my heart. (Enthusiastic applause.)

President McAdow—Nominations for president are now in order.

Mr. Gettys, Louisville—*Mr. President, Ladies and Gentlemen:* Hear me for my cause, for perhaps it will appear that my cause is your cause, and then I know it will be a righteous one.

A distinguished honor has been imposed upon me, that of presenting to this splendid convention the name of a gentleman whose friends

believe him to be worthy to succeed the present occupant of that chair. My tongue would cleave to the roof of my mouth did I not believe, as I stand here, that this is a man of such character and ability as to be worthy of being our leader. (Applause.)

The life of any strong man with its successes and its disappointments, its joys and its sorrows, contains more real romance than was ever penned by any writer of fiction.

The story to-day is a brief one. Twenty-eight years ago an office boy took up his simple duties. He did them well. Is it a mere coincidence I ask you, that as that boy advanced, that business grew, until to-day that office boy is the active head of the largest manufacturing institution of its kind in this United States. (Great applause.)

These evidences of business success are merely indicative of the higher successes of his nobler life. He has long been identified with an association that we may truly say has been our model; whose efforts towards building up a big, clean membership of credit men and creditable men have excited our admiration, whose activity in the prosecution of commercial fraud has centered the eyes of the business world not only on that local association, but on our national body.

The Cleveland Association of Credit Men would not endorse Harry New if he were not worthy. (Great applause.) I affirm that the Cleveland Association of Credit Men would not endorse Harry New if he were not worthy of your confidence. To-day is the day of his nativity. (Great applause.) Will you not by your endorsement subscribe to this beautiful anniversary gift for him and make this day one of the happiest days in his life? Will you?

(Voices: Yes, yes, we will.)

I therefore nominate Harry New, of the Cleveland Association of Credit Men, for president of this organization, and express the sincere hope that he may be our unanimous choice. (Long-continued applause.)

Mr. H. E. Choate, Atlanta—*Mr. President, Ladies and Gentlemen:* It seems to me that this would be much more interesting if it were not such a one-sided proposition. It reminds me by contrast of the case of a young lawyer who settled in Atlanta shortly after the war, being driven out of East Tennessee by the staunch Unionists of that section, to whom he had made himself *persona non grata* by reason of his activities on the confederate side. He looked around for a few days, found a location, hung out his shingle and listened for clients. There was no particular rush, however, and after a while the case became desperate and he began to consider the situation very seriously. He had noticed that the other lawyers of the town were carrying their business cards in the newspapers. That was before the days when this mild form of advertising had been tabooed by that profession. They were carrying their cards in their newspapers, and under each appeared the legend "Special attention to collections." He pondered this, and considering that the other lawyers had appeared on the ground before him and staked out their claims to this character of business, he concluded that he would have to take a little different tack, and bright and early one morning there appeared in one of the local papers a card reading something like this: "Daniel Webster Smith, Attorney-at-Law. Special attention given to resistance of collections." (Laughter.) I need hardly add, I suppose, that from that time on business was middling good. (Laughter.)

Now, happily in nominating a candidate for the presidency of this Association there is no place for a division of opinion. Indeed I might say that the unanimity of this situation is positively poignant. Ah, what

a reputation that must be, what years of unselfish and devoted service that must reflect when in response to the all-important question of this hour our minds and hearts unfalteringly focus upon the name of that splendid man, that gem of fairest ray serene—Harry New! (Applause.) Elect him, gentlemen, and you will not only honor him, but you will honor yourselves and this great organization of yours. I thank you. (Great applause.)

Mr. Landauer, Milwaukee—I now move that the nominations be closed, the rules be suspended and the secretary be instructed to cast the unanimous vote of this convention for Harry New as the next president.

Motion seconded and unanimously carried.

The secretary then cast the ballot as directed.

President McAdow—The secretary has cast the ballot and I now declare Mr. Harry New elected as president of the National Association of Credit Men for the ensuing year. (Great applause.)

I will appoint as a committee to escort Mr. New to the platform, Mr. W. H. Preston and Mr. O. G. Fessenden.

(Mr. Preston and Mr. Fessenden then escorted Mr. New to the platform amid enthusiastic applause.)

Mr. Fessenden—Mr. President, we deliver Mr. New into your hands. (Great applause.)

President McAdow—Harry New, it is with the greatest pleasure that I now place in your hands the symbol of authority of this Association and introduce you to this convention as the next president. (Cheers.)

(Mr. New took the chair.)

President New—Mr. McAdow, I only hope that when a year from now I turn this gavel over to my successor, I will have in a measure the popularity that you now have in this Association. (Applause.)

No one can be called to this office and be unmindful of what it means to be singled out and selected by his fellow-members to preside over the destinies of an organization containing 14,000 men. This is at once an honor and a distinction for which I thank you. Having in mind the trust thus reposed in me, it will be my aim to serve you to the best of my ability. I know that this compliment will be taken by my home city, Cleveland, as a reward to them for the efficient work that the Cleveland association has done in the past, and for that recognition I also thank you. (Applause.)

I, with many of you, have participated in the development work of this organization, and with one exception have attended the last eleven conventions. I join with you in the pride which is ours in its continued growth and broadening field of work. We have sat here four days and listened to every phase of effort we are making, and with this fresh in mind, it seems needless for me to attempt to recount what we stand for, and what we are doing, but I have for some time believed that the educational efforts we are making are resulting in creating a *new idealism in American business life*.

I believe firmly that we have had much to do with moulding the present thought and manner of conduct of credit conditions. I believe we have, and are making, better and more able credit men, furnishing many of us with a post-graduate course in our profession, enabling all of us, as we come into contact with our problems, to work along safer and surer lines. We have assumed, and to us almost solely has been assigned, the guardianship of many problems of business conduct.

We are constantly adding to our tasks, owing to the development

going on in business, new problems, and to these we do not give perfunctory attention, but carry them to a logical conclusion, only after we are sure we are right, or as nearly right as honest thought and endeavor can direct us. Many of the things we undertake are matters that cannot be settled and brought to immediate conclusion. Many of our problems are in the stage of development, and when developed are sometimes under attack from one source or another, requiring our unceasing vigilance coupled with motives which must never have a personal, selfish view, but rather must cover and guard the broad needs of the business world.

This, therefore, must always be our aim, to stand for principles based upon the highest business morals, not as applied to our personal needs and necessities, but always giving due consideration to the rights of others as well. This has been our policy in the past. I stand for its continuance, and in the language of that great American, I, too, would say that "I would rather be right than be president." I also stand for the *true* and *permanent* solution of a question or problem into which we enter, rather than its solution for immediate temporary benefits.

In reference to our local associations, in some cities, the work that our associations undertake varies from that done in others. I believe that as long as an association carries out our ideals and does not engage in that which we proscribe, there should be no objection to their engaging in civic work of helpfulness to their communities or to themselves which will tend to the broadening of their local influence and interest in our own work.

Considerable has been accomplished in the last few years in keeping and holding the interest of our scattered individual membership. If more can be accomplished in this direction, I favor such efforts.

Pride has always been taken by our local associations in the character of their membership. Our strength will never be measured by our numbers, but by our deeds and accomplishments. The same conservatism, therefore, as we continue to grow, must hold good in the selection of our new members. We, of course, have a very large field yet to draw from. Many of our best houses in various communities are still, for one reason or another, not on our membership roll. Special effort should be made this coming year by vigorous local membership campaigns to bring these houses into our fold.

In conclusion, I can only assure you again of my thanks for the confidence reposed in me indicated by this election to your highest office. The president of this organization, no matter who he may be, could accomplish little without the aid and support of at least a large portion of our membership. If I have, during this coming year, this same support that you have always so willingly, and with so much sacrifice given in the past, I feel sure and confident that when next June I turn my stewardship over to my successor, I can turn over a record which shows no backward step. (Long-continued and enthusiastic applause.)

President New—The next order of business is the nomination of a vice-president.

Mr. Howard Marshall, New York—*Mr. President and Gentlemen:* In world affairs in the progress of nations, a country that has no past, full of accomplishment and endeavor and patriotic self-sacrifice to which to point its citizenship with pride and satisfaction, is seriously handicapped in the strenuous march of time.

There is a condition, however, that would be more unfortunate

than that. It is that a country should have such a past, resplendent in the full glory of accomplishment, and then forget it and forget the men who had shaped its destiny.

This great Association of ours is engaged in a world movement. We have recently heard from a country at the north, and they have given evidence that they have heard the sound of our trumpet call to enlistment, which simply means that we should measure our future as of world importance.

We do not propose forgetting our past, and we do not intend to forget the men who have aided in laying the foundation stones of our success. That foundation has been laid well, and we are passing now to the erection of the superstructure—perhaps a more important task than the building of the foundation; and it is essential that one of its architects should be a man who has so ably aided in the laying of the foundation.

We require for the office of first vice-president the same qualifications as the office of president demands; and my candidate possesses those qualifications to a marked degree. He represents the highest type of American manhood. Many years of his business life have been dedicated to the advancement of the high ideals for which this Association stands. His work with us has been an inspiration to us all and we have his example to emulate for the future.

Generously has he given us of his time and labor. In absolute unselfishness has he contributed to the usefulness of this organization, and he has borne the heat and burden of his many tasks among us just as freely as the raindrops fall to the earth to perish in the ground that the flower of the future may be brought to its full perfection.

We should call him now—this man of culture, of resolute purpose and of high ideals—to take the place of first vice-president in this Association, in full confidence that his administration will give to our entire membership the same inspiration to do things worth while, that it has given to some of us whose good fortune it has been to have been closely associated with him in the years that have passed.

I have never received a higher compliment than that which I now enjoy in being permitted to present to this convention for the office of first vice-president, the name of that splendid man we all love so well, and for whom I personally have such a deep affection.

It is with great pleasure, gentlemen, that I nominate for the office of first vice-president, Mr. Lee M. Hutchins, of Grand Rapids. (Great applause.)

Mr. Newman Essick, Los Angeles—*Mr. President and Fellow Members of the National Association of Credit Men:* When I finished those school-boy days in the Hoosier state, and was leaving for what then seemed to me the far-distant Pacific coast, there to carve out whatever my small destiny might be in a distant land and among strangers, my good old college president came to see me and brought me not a long lecture, not words of advice or encouragement, but just a little book hardly larger than two or three inches, a vest-pocket book, and when I looked in it I found that it was a copy of the book of proverbs, and that marked on the title page of the inscription was a reference which when examined was found to be this verse, and this verse carried with it all of the advice and counsel that that aged and venerable man could give to a young man starting out for himself.

"He that hath friends must show himself friendly, but there is a friend that sticketh closer than a brother."

Now, I believe that Mr. Lee M. Hutchins, of Grand Rapids, must have seen and adopted for his motto this verse. I believe that he has so lived according to the teachings of this motto that it becomes our pleasure and our duty to recognize in him the friendly qualities that are so apparent. The graciousness of his smile, the cordiality of his hand clasp have endeared him to us all and have brought him friends innumerable. "He that hath friends must show himself friendly, but there is a friend that sticketh closer than a brother." And I believe that our good friend, Mr. Lee M. Hutchins, has so followed the teachings of the Master that His word has become his sacred duty, that he lives up to the full measure of the teachings of the Golden Rule, and to those of us who have had the honor of sitting on the board of directors with him have been given to know that we may follow his leadership with entire confidence, that in wisdom and counsel he is strong.

And for these reasons it gives to the Pacific coast and the great southwest very great pleasure to second his nomination as first vice-president of this Association. I thank you. (Great applause.)

Mr. R. S. White, Chicago—I take great pleasure, in behalf not only of myself but of the Chicago delegation, in heartily seconding the nomination of Mr. Lee M. Hutchins for first vice-president. (Applause.)

Mr. Oscar Loeffler, Milwaukee—Milwaukee desires to join in the sentiment expressed. We know Mr. Hutchins well indeed and know he will make a splendid man to occupy this high office.

Mr. Marshall—I move that the nominations be closed and the secretary empowered to cast one ballot for Mr. Lee M. Hutchins for first vice-president.

Seconded, unanimously carried and so done.

President New—It has been a problem in this country to know what we should do with our ex-presidents. But Mr. McAdow seems to have found some work for them, and to follow in his footsteps, I will ask Mr. Young and Mr. Gettys to escort Mr. Hutchins to the chair.

President New—It is my pleasure to present to you Mr. Lee M. Hutchins, of Grand Rapids, who has been elected first vice-president of the National Association of Credit Men. (Great applause.)

Mr. Hutchins—*Mr. President and Gentlemen of the Convention:* This is a happy moment with me, and as I stand here I would be unjust to myself and to you and untrue to my belief, if I attempted to make a speech that would fully express my appreciation of this present moment.

I am a believer, heart and soul, night and day, in the Credit Men's Association, locally and nationally. I have had the pleasure and the honor of belonging to several trade and civic associations, but the happiest moment of my life in those undertakings are when I am in the harness for the Credit Men's Association.

I believe in the Association because it is creative and constructive, because it has never been destructive. I believe in it because I have seen in it a power come up as it were out of its infancy into its full manhood, to stand unchallenged, untainted and unconvicted of fraud or anything of that kind, before the entire world. (Applause.)

I have often said in convention at home that if the fundamental principles as laid down in the constitution of this Association are followed out, just as true as the heavens above us and the nature that is all about us are governed by law, the law of this Association must bear good fruit. When men standing upon the honorable principles laid down by this Association so capitalize their possibilities and put all the attributes of their being unselfishly into their respective communities

for the commercial improvement of those communities, and therefore for the benefit of every man, woman and child therein, their work must go unchallenged, and I am a firm believer that the ultimate result of this work will be most successful and desirable.

It is not for me to say anything about the policy of our good president, who is my boss now; but to him and to you, whose servant I am, I promise to devote with all my heart and soul, night and day, my greatest energy to do what I can to help this Association along toward the great achievements which we are looking for and expect it to attain. I thank you. (Great applause.)

President New—We are now ready for nominations for the office of second vice-president, and the chair will recognize Mr. Spangler, of Seattle. (Great applause.)

Mr. Spangler—*Mr. President and Gentlemen:* Nominating speeches were originally and still are usually the medium through which the qualities and fitness of a candidate for office are presented to a convention. Laudatory utterances and flights of oratory are usually regarded as an essential.

No such difficulty, however, confronts me to-day. Indeed, I believe, that owing to the peculiar characteristics and the peculiar training of the man whose name I shall mention, it should receive our most sober consideration.

He whose name I shall present to you for the office of second vice-president is peculiarly qualified to fill that position.

He is rich in experience and we can ill afford to allow him to leave our official family. He is one of the twelve men who, in the old Astor House in New York, organized the New York Credit Men's Association, which was one of the first associations of credit men organized in this country. He afterwards became its president and was serving in that capacity at the time the city of New York entertained the national convention.

Seven years ago, at the solicitation of the board of directors of this Association, he resigned a lucrative position with one of the largest concerns in this country to accept the secretaryship of the National Association of Credit Men. (Great applause.)

It is needless for me to review the history of those past seven years as far as relates to Mr. Charles E. Meek. (Enthusiastic applause.) We will not only honor him, but we will be doing the National Association of Credit Men a lasting service by electing him unanimously as the second vice-president of the National Association of Credit Men. (Long-continued applause.)

President New—The nomination of Mr. Charles E. Meek as second vice-president is before us. The chair recognizes Mr. Biggs, of New York. Mr. Biggs, will you come forward, please. The convention would like to see you as well as hear you. (Loud cheers.)

Mr. Charles Biggs—*Mr. President and Fellow Members:* The very delightful duty has been devolved upon me by the New York Association of Credit Men, of seconding this nomination. It is really almost a work of supererogation, for I am sure that what the mover of the nomination has said comes home to every one of us.

I recognize the fact that almost every delegation—in fact, any delegation—is ready to second this nomination. We all know our friend, Meek. There is no laudation that could be bestowed upon him that would be undeserved.

He has made a first-class secretary and treasurer. He has done his work well, and one of the causes for regret because of his resignation that many of us had, was that we were going to lose him. But I am glad to know, as I have learned here, that his future will be with a concern interested in our Association almost from the first.

Mr. Meek will be of us, I believe, in the future, as he has been from the very first. I desire most heartily to second his nomination. (Prolonged cheers.)

Mr. A. Landauer, Milwaukee—I consider it a privilege, honor and pleasure to move you now that the nominations be closed, the rules be suspended, and that the first vice-president be instructed to cast the unanimous vote of this convention for my friend, your friend, our friend, Mr. Charles E. Meek, for second vice-president.

Motion seconded.

Mr. B. F. Ezekiel, Birmingham—I would like to ask the privilege of the floor to do something that does not often occur—that is to object. I do not like to have, if you will permit the expression, "gag law" placed upon me. I do not want the nomination of Mr. Meek for second vice-president to be closed without the opportunity of saying something. I come here from the Sunny South, from Dixie, I come from the first state alphabetically in the Union—the state of Alabama. The meaning of Alabama is "Here we rest," but I come from the city of Birmingham that reverses the motto and says, "Here we hustle." My position on this floor is similar to that of Mr. Meek's on the platform. Mr. Meek, in retiring from the secretaryship, says, "Alabama, here we rest" as secretary. He goes to the vice-presidency and says, "Birmingham, here we hustle." I thank you for the attention you have given me. You have all caught my meaning. It is my pleasure to add my voice to second the nomination of Mr. Meek for second vice-president. (Laughter and prolonged and enthusiastic applause.)

Mr. R. W. Ramsey, Memphis—I come from the Sunny South, as does Mr. Ezekiel, and I am here from that country where the mocking bird sings, the flowers bloom and the magnolias blossom, from a city which is situated on the great Father of Waters. I am here to express a regret to each of you that Mr. William R. King is not among the members on this floor, and I come to express his regrets and the regrets of our association, that he was not permitted to be present as a delegate, but I come to do that which I know would be his great pleasure if he were here, and that is again to second the nomination of Mr. Charles E. Meek as second vice-president. I thank you. (Loud applause.)

President New—The motion is that nominations for the second vice-presidency be closed and that the first vice-president be instructed to cast the ballot of this convention for Mr. Charles E. Meek, of New York, as second vice-president of the Association.

Unanimously carried. (Prolonged applause.)

Mr. Hutchins—I hereby cast the ballot for Charles E. Meek for second vice-president of the Association.

President New—I will ask Mr. McAdow and Mr. Spangler to escort Mr. Meek to the platform. I have the pleasure of presenting to you the second vice-president of the National Association of Credit Men. (Great applause.)

Mr. Meek—*Mr. President and Gentlemen:* I know that you will excuse me when I tell you that during the last four days, having been kept fairly busy with the business end of this convention, I have not

had an opportunity to fit myself to respond properly to the honor that you have paid me by making me the second vice-president.

I hardly feel that it is necessary for me to say anything about the platform upon which I stand. I told you in my address, made upon the opening day of the convention, my exact position, and in the new office to which you have elected me, it is my purpose, so far as I possibly can, to carry out what I set forth at that time.

I have been connected with your Association for something like seventeen years, being one of the charter members of the New York organization, serving it in various capacities, as a member of committees, then as a director, its vice-president, and afterwards as its president. In the National organization, of which I have also been a member for a number of years, I served as a committeeman, as a director, and then as your secretary.

Now I am going to step out of the secretaryship, but my heart and soul will be with the organization and my whole effort will be to support those with whom I am associated during this administration, to give them the best I have from my experience and to aid them in every way possible. As testimony of this I am now going to hand the president you have just chosen his first application for membership in the National Association of Credit Men. (Laughter and applause.)

President New—We will refer this application to the proper committee, and in due time it will advise you whether it is acceptable.

(The secretary handed the president another application.)

President New—He hands me also an application for membership signed by myself. (Laughter.) I will ask Mr. Meek to serve as secretary till the conclusion of the session.

Mr. Meek—I will do so.

Secretary Meek—The Committee on Credentials has prepared a list for each local association containing the names of all the delegates and the names of those acting as proxies. The majority of these lists have been delivered to the different delegations. There are still a few here, and if those representing these delegations will arise and stand in their places the lists will be brought to them.

President New—Mr. Meek will read the record of the proxies.

(Record of proxies was then read.)

President New—The next business in order is to appoint tellers to supervise the election of directors.

Secretary Meek—Mr. S. J. Whitlock, of Chicago, has been selected as chairman of the tellers. Mr. McAdow has suggested it would be a good idea to call for volunteers to assist Mr. Whitlock. We need about sixteen.

(Out of volunteers presenting themselves, the president then named sixteen delegates to act as tellers.)

President New—The secretary will read the rules under which the vote is taken under our constitution.

(Secretary reads rules.)

Mr. L. C. Voss, Pittsburgh—In behalf of the Pittsburgh association, at the request of President Enoch Rauh, we wish to withdraw his name from consideration as a national director.

Mr. E. F. McAvoy, Baltimore—I wish to withdraw the name of F. S. Miller as a candidate for director.

(The vote for directors was then taken.)

Mr. Enoch Rauh, Pittsburgh—The Pittsburgh association desires to

be the first association to pay tribute to the new administration. I desire to read a message just received:

"At a weekly meeting held to-day thirteen applications received for your board of directors to act upon. Will soon be flirting with the thousand mark membership. Greetings from Pittsburgh to the National Association." (Applause.)

President New—The ballots are all in. The balloting is closed and we will proceed to hear the report of the Committee on Resolutions. Mr. Flagg will present the report.

Mr. Flagg—Your committee wishes to present the following resolution:—

WHEREAS, In the death of Hugo Kanzler, which came just as this convention was assembling in Minneapolis, this Association has lost a most useful and highly esteemed member, and the New York association one of its original organizers, a man who has served the National Association as chairman on some of its most difficult committees, who by reason of temperament, education and experience naturally became a leader in any movement with which he connected himself,—sound in judgment, rich in sympathies, impatient of indifference towards fraudulent commercial practices, be it

Resolved, That we, the members of the National Association of Credit Men, in convention assembled, desiring to give expression to our high regard for Mr. Kanzler and to our deep sense of loss, cause this acknowledgment to be spread upon the minutes of this convention, and direct that a copy of this resolution be sent to the family of the deceased as a slight token of our sympathy in their sorrow.

President New—I will ask for a rising vote.

Motion unanimously carried and resolution adopted by rising vote.

Mr. Flagg—The next resolution is as follows:

Resolved, That we, the members of the National Association of Credit Men, do take great pleasure in extending our heartiest thanks to our President, Vice-President, Board of Directors, the Chairmen of the Committees on Legislation, Membership, Bankruptcy, Credit Co-operation, Mercantile Agencies, Business Literature, Investigation and Prosecution, Fire Insurance, Adjustment Bureaus, Credit Department Methods, Banking and Currency, Federal Incorporation Laws, Uniform Exemption Laws, and Uniformity in State Laws, for the able and conscientious manner in which they have performed the varied, important and often exacting duties which devolved upon them, during the past year, and be it further

Resolved, That we do express our appreciation of the excellent reports presented to this convention, all indicating with what zeal and fidelity in behalf of the best interests of the Association our officers and committeemen have cared for their various departments of work.

On motion duly seconded, unanimously agreed to.

Mr. Flagg—The next resolution is as follows:

Resolved, That we express our heartiest thanks to the Honorable A. C. Eberhart, Governor of the State of Minnesota; Arthur W. Selover, of Minneapolis; F. J. Hopkins, of Minneapolis; H. W. Parker, of St. Paul; H. E. Choate, of Atlanta; H. G. Moore, of Kansas City; H. K. Huntoon, of Stillwater; H. H. Pigott, of Winnipeg; Hon. James A. Tawney, of Winona; H. E. Smith, of Columbus; Franklin H. Wentworth,

of Boston; B. P. Neff, of Duluth; J. B. Forgan, of Chicago; W. B. Fish, of Cleveland; W. E. Balch, of Indianapolis; Hon. R. W. Bonyng, of Denver; C. W. Hughes, of St. Louis, J. H. Scales, of Louisville, and J. A. Cattell, of St. Joseph, for their able, helpful and entertaining addresses which we shall take pleasure in placing in the records of the various sessions of the sixteenth annual convention.

Unanimously agreed to.

Mr. Flagg—The next resolution is as follows:

WHEREAS, *The Daily Trade Record* of New York, has during the past year, at considerable expense, given full publicity to the work of the National Association of Credit Men, and its affiliated branches, throughout the country, and has delegated one of its staff to attend this convention in order better to set forth our proceedings, therefore be it

Resolved, That the National Association of Credit Men, in convention assembled, expresses its appreciation of the efforts of *The Daily Trade Record* and its representatives to give the doings of our Association the prominence to which they are entitled.

Voted to adopt without dissent.

Mr. Flagg—The next resolution is as follows:

WHEREAS, The National Association of Credit Men, at a convention held in Chicago in 1907, advocated one cent letter postage, which position was re-affirmed by the convention of 1910 held at New Orleans, be it

Resolved, That this Association again declares itself in favor of a one cent letter rate and requests the Board of Directors to carry into effect the purpose of this resolution at the proper time.

Unanimously agreed to.

Mr. Flagg—The next resolution is as follows:

WHEREAS, Honest differences of opinion frequently arise between reputable merchants which seem impossible of reconciliation without recourse to a Court of Law, thus involving considerable expenditure of time, energy and money and often causing permanent severance of business relations—and

WHEREAS, The adjudication of such disputes through process of law may involve the tying up of funds for a long period of time pending decision,—thus not only restricting the free use of a portion of the disputants' capital in business, but having an important bearing on determining the credit to which they are meanwhile entitled, it is hereby

Resolved, That we favor the adjustment by arbitration of commercial disputes and differences, and we further recommend that such differences be adjusted through the instrumentality of a Chamber of Commerce, Board of Trade, or a local association of credit men, and that some such organization in each important trade center be equipped for this purpose.

Motion to adopt unanimously agreed to.

Mr. Flagg—The next resolution is as follows:

WHEREAS, The resolutions which were offered in the report of the Membership Committee, are of the highest importance to the healthy growth of the National Association, and

WHEREAS, These resolutions, or resolutions having a similar import, have been passed by several former conventions, and yet have received

no attention at the hands of some of our local associations, therefore be it
Resolved, That the Secretary be instructed to send to each of the local associations a copy of these resolutions with the request that they be read in open meeting, and steps be taken to act in conformance therewith.

On motion duly seconded, was adopted.

Mr. Flagg—The next resolution is as follows:

Resolved, That we extend to the trade reviews and the press of the country in general, our appreciation of their invariably courteous treatment in assisting in bringing before the public the purposes of this Association and its methods of work; and particularly to the daily papers of the cities of Minneapolis and St. Paul we tender our grateful acknowledgments for the prominence they have given the Association in their columns during the sessions held in their midst, and for the interest and care they have evidenced in publishing the accounts of our deliberations.

Unanimously agreed to.

Mr. Flagg—The next resolution is as follows:

WHEREAS, One of the pleasantest features of our entertainment has been in the opportunity given to view the wonderful boulevard and parkway systems of the Twin Cities, through courtesies extended by scores of automobile owners of Minneapolis and St. Paul, be it

Resolved, That we here give public expression of our appreciation to all who were so generous in responding with their cars when called on to help in carrying out this part of the program of entertainment arranged by our hosts.

Adopted by unanimous vote.

Mr. Flagg—I now present the following resolution:

WHEREAS, The members of the Minneapolis Association of Credit Men, in extending their cordial hospitality to the members of the National Association, at this their sixteenth annual convention, have left nothing undone in providing for our pleasure, comfort and entertainment and for facilitating the business of this convention, be it

Resolved, That we all, individually and collectively, as members of the National Association of Credit Men, here assembled, are deeply thankful to the Minneapolis Association of Credit Men for the great privilege which we have enjoyed in being their guests and are unspeakably grateful for the countless courtesies that they have generously extended, and for the many occasions arranged so successfully to extend and renew the spirit of comradeship among the members, and for the opportunities provided to learn about and know this beautiful city and magnificent state,

Resolved, That we take home with us nothing but the pleasantest recollections of Minneapolis, its people, and especially the members of the Minneapolis association.

Motion made by Mr. Flagg and duly seconded that the foregoing resolution be adopted.

Mr. Randel, of Cleveland—There is no use talking about it, we all know what our Minneapolis friends have done. We have been with them four days, and we have enjoyed them, and I hope they have enjoyed us. We have seen their town, we have enjoyed their boulevards, we have seen their beautiful lakes; and it is impossible for us to express our thanks for

the unexampled hospitality which we have been shown. I ask that this resolution be carried by a rising vote.

President New—I think it is well, as Mr. Randel requests, that we express our deep feeling by a rising vote.

Motion unanimously carried and resolution adopted by a rising vote.

Mr. Flagg—The next resolution is as follows:

WHEREAS, This sixteenth annual convention of the National Association of Credit Men, has been graced by the presence of an unusually large number of the wives and daughters of our members, and

WHEREAS, Both we and they have been the recipients of many and delightful kindnesses bestowed by the ladies' auxiliary of the Minneapolis Association of Credit Men, be it

Resolved, That we do express our acknowledgment of the honor the ladies have extended in favoring us with their presence at this convention, and we trust that their attendance upon our future conventions may steadily increase,

Resolved, That we do, by rising vote, most gratefully and happily present our acknowledgments to the ladies auxiliary of the Minneapolis Association of Credit Men, for the charming hospitality they have extended our ladies and for their constant attention to those minute details of entertainment which have contributed so conspicuously to the success of this convention.

A motion was made by Mr. McAdow, of Chicago, that this resolution be adopted by a rising vote, which was done amid tremendous and long-continued applause.

Mr. Flagg—The next resolution is as follows:

WHEREAS, We are deeply sensible of the part the members of the St. Paul Association of Credit Men have assumed in making this convention peculiarly successful and are glad that we could be their special guests during a portion of our stay,

Resolved, That we hereby tender the members of the St. Paul association, its officers, committees, and all who have given us their attention and good wishes, our warmest appreciation for the many kindnesses they have extended us during the week just closed, and we congratulate the Twin Cities on the magnificent spirit of co-operation which rules over their business interests as exemplified in the Minneapolis and St Paul associations.

Adopted with much enthusiasm

Mr. Flagg—I now offer the following resolution and move its adoption by rising vote:

WHEREAS, Among the many pleasures which have come to us and our ladies during the convention week, has been the opportunity to meet the ladies auxiliary of the St. Paul Association of Credit Men, whose gracious and delightful hospitality has been one of the finest features of this great annual occasion,

Resolved, That we hereby express to them our warmest appreciation, especially in behalf of our ladies who have been sharing in these splendid entertainments.

Adopted by rising vote amid many cheers.

President New—The chair is going to do something which may subject him to reproof, as being out of order, but I understand that Mrs. Battin, of Milwaukee, has an important matter to bring before the convention. (Great applause.)

Mrs. H. M. Battin—The resolutions presented by the committee express all that I could possibly say in conveying our heartfelt thanks and appreciation for the unbounded courtesies extended to the ladies on the occasion of this convention. But it is an exceedingly great pleasure on behalf of the visiting ladies to present to the entertainment committee of ladies a visible and tangible token of appreciation for their courtesies. (Applause.) Our visit to this beautiful city and its twin, of the great Northwest, has added another pearl to our chain of pleasant recollections. (Long continued applause.)

It affords us great pleasure to present to you, Mrs. Hopkins, this floral token in appreciation of the arduous duties of your position as chairman of the ladies auxiliary; and to you and to each of the members of the committee we add a trifling token of our appreciation of your kindly hospitality. (Long continued applause.)

(Mrs. Battin thereupon presented a floral token contained in a cut-glass jardiniere, with silver trimmings, to Mrs. Fred J. Hopkins, chairman of the Committee of the Ladies Auxiliary of the Minneapolis Association of Credit Men, and to each member of the committee a silver plate, engraved with the monogram of the recipient and the date of presentation.)

The committee is composed of the following members:

Mrs. Fred A. Hopkins, *Chairman*

Mrs. Hewson.

Mrs. M. G. Page.

Mrs. C. H. Cook.

Mrs. Frank Suffel.

Mrs. W. S. Hughes.

Mrs. H. A. Willoughby.

Mrs. J. F. Jordan.

Mrs. F. R. Salisbury.

Mrs. H. W. Parker.

Mrs. Hopkins—We can do nothing more than express to the visiting ladies our keen appreciation of their kindness, and words fail me with which to clothe our thanks. None of us will ever forget this tribute; but the gifts will always mark this day upon our hearts in letters of red, whenever in the future we think of the happiness of these past few days. (Long continued applause.)

Mr. Flagg—The last resolution to be submitted by your committee is the following:

WHEREAS, Chas. E. Meek after long service as Secretary-Treasurer of this Association, is about to lay down the duties of that office, be it

Resolved, That we, the members of the National Association of Credit Men, in convention assembled, take this opportunity to express our deep sense of appreciation of the great service Mr. Meek has rendered this Association and the cause for which it stands while filling the difficult position to which he has been for eight years elected.

Resolved, That we here give expression, insufficient though we realize it is—to the sense of obligation which we feel to Mr. Meek, because of his unflagging devotion to the work of his office, because of his kindly sympathy and helpfulness to those who have in all these years been laboring with him to make a success of our local and national work, because of his good judgment which has again and again protected the Association from that which would damage its fair name and weaken it

in the accomplishment of its high purposes, and we do here acknowledge that the position of power and influence in which the Association finds itself, is due to a large extent to those qualities of mind and heart which he has exhibited, and which have been of inestimable value in directing in unbroken progress the welfare of the Association.

Resolved, That while regretting Mr. Meek's retirement from this important office, we here express our deep interest in his future success and our hope that in the new position which he has assumed, his efforts will bring unceasing success and honors through many years to come.

Mr. Curtis R. Burnett, Newark—I think we should go a little further with this than with some of the former resolutions, and I move the adoption of the resolution and that the directors be requested to have an engrossed copy prepared so that Mr. Meek, his children and his children's children can look on that work and remember and recall the active part taken by our genial secretary in helping to make this one of the greatest, if not the greatest, commercial body in the United States of America. (Great and long-continued applause.)

Mr. G. L. Levi, Philadelphia—I am pleased to second that motion. (Applause.)

Motion unanimously carried amid great applause.

President New—It will be so ordered and carried out.

It will take some time to count the votes and we need not stay in session, so that if there is no objection we shall now adjourn to convene to-night at the Hotel West to hear the results of the election to the board of directors and to do such other business as may come before the convention.

President New—Mr. Meek has a communication to read.

Mr. Meek then read the following letter:

HEADQUARTERS TOLEDO DELEGATION,

MINNEAPOLIS, MINN., June 15, 1911.

Mr. F. H. McAdow, President National Association of Credit Men.

DEAR SIR:

On this fifteenth anniversary of the birth of the National Association of Credit Men, our memory naturally reverts to the occasion of the first national convention, held in Toledo in June, 1896, and especially to one of its most active participants, to whom more than to any other we owe the conception of the National Association of Credit Men.

This gentleman, Mr. B. G. McMechen, then credit man of the Woolson Spice Co., of Toledo, now a resident of Pasadena, California, and long since deprived by ill-health of his old-time commercial activity, first of all brought to our notice and attention the suggestion of a national organization, and at a little informal gathering at Toledo, in the spring of 1896, devised a plan by which that suggestion was made public and which resulted in the calling of the first national convention at Toledo, held during June of that year. From that beginning has grown this present edifice.

We of Toledo, harking back in memory to those early days and to the years of development that since have passed, appreciate deeply the debt of gratitude which we feel is due to our old companion and friend,

and wish to suggest that this convention, through its officers, forward its greetings by wire to Mr. McMechen, during the day.

DAN. SEGUR,
C. N. BEVAN,
G. E. HARDY,
W. S. BUCKOUT,
R. L. WITTERS,

Of Toledo Association of Credit Men.

Mr. McAdow—I move that we carry out the suggestions made in the Toledo letter.

Mr. McComas—If the secretary will hand a copy to me I will see that the suggestions of the letter are complied with.

Mr. McAdow's motion seconded and unanimously carried.

There being no further business to be called to the attention of the session, President New declared that an adjournment would be taken until 8.30 o'clock P. M. the same day at the West Hotel.

FOURTH DAY

Friday, June 16, 1911

EVENING SESSION

The convention was called to order by President New at West Hotel at 8.45 o'clock.

President New—Before proceeding with the program covering the entertainment of the evening, the convention has one piece of business to transact. When we adjourned to-day we only adjourned for a recess until this evening to await the announcement of the tellers. The report of the vote has been submitted by the tellers, and the following gentlemen were elected as your directors for two years:

Mr. F. H. McAdow, Chicago, Ill.

Mr. J. W. Spangler, Seattle, Wash.

Mr. J. H. Scales, Louisville, Ky.

Mr. H. G. Moore, Kansas City, Mo.

Mr. A. W. Pickford, Philadelphia, Pa.

Mr. George E. Melius, Bridgeport, Conn.

Mr. Curtis R. Burnett, Newark, N. J.

I therefore declare these gentlemen elected as members of the Board of Directors of the National Association of Credit Men for the next two years. (Great applause.)

Motion was made, seconded and carried, that the convention adjourn *sine die*.

President New—I hereby declare the sixteenth annual convention of the National Association of Credit Men adjourned *sine die*.

ROSTER OF THE SIXTEENTH ANNUAL CONVENTION.

Members Registered as Present.

Alabama.

Birmingham—J. A. Coker, R. H. Eggleston, B. F. Ezekiel, H. E. Redd.
Montgomery—Chas. C. Cohn, F. G. Salter.
Selma—Frank N. Scott, George T. Treadwell.

California.

Los Angeles—Newman Essick, F. B. McComas.

Colorado.

Denver—W. B. Barr, W. H. Bateson, Chas. Bayly, Jno. W. Cook, F. A. Donahower, I. F. Downer, A. E. Matthews, James Ringold.

Connecticut.

Bridgeport—George E. Melius, Guy P. Miller.
Hartford—J. A. Butler, Joseph H. King, W. D. Morgan.
Middletown—H. W. Hubbard.

District of Columbia.

Washington—L. F. Valentine.

Georgia.

Atlanta—Herbert E. Choate, Simon Freitag, Bolling H. Jones, Ralph Rosenbaum, Henry B. Wey.
Savannah—Jacob Gazan.

Illinois.

Chicago—C. K. Blake, James K. Calhoun, Raymond Cardona, F. A. Collmann, Jos. Deutsch, W. F. Dudley, D. C. Everitt, Jos. Forbes, E. M. Frye, C. Gauthier, A. B. Green, M. S. Green, Henry W. Hardy, Ivar Hennings, Chas. E. Hostler, R. J. Huffman, W. H. Kist, H. L. Klein, Henry Koll, B. H. Kollmann, W. J. Lawlor, W. J. Lipsey, F. H. McAdow, O. W. Mayer, H. H. Merrick, R. H. Myers, R. W. Pearson, H. Powell, Cecil A. Richards, H. J. Robins, L. R. Root, Chas. E. Schramm, O. F. Schultz, F. W. Smith, Thos. I. Stacey, W. M. Turner, Chas. H. Warren, R. S. White, J. V. Whiting, S. J. Whitlock, Lawrence Whitty.

Decatur—DeWitt H. Montgomery, A. J. Murray.

Peoria—G. L. Dickenson.

Rockford—A. J. Anderson, Miss C. O. Peters.

Indiana.

Evansville—W. P. Geissler, A. W. Sevringhaus.
Indianapolis—W. E. Balch, Frank T. Day, Ralph K. Smith, J. Edward Stolz, A. Wolfson.
Mishawaka—C. A. Loring.
Muncie—W. H. Goddard.

Iowa.

Cedar Rapids—F. J. Dawbey, W. W. Hubbard, F. Junkermann, Thos. B. Powell, D. F. Stearns.
Davenport—Isaac Petersberger.
Des Moines—John Boyt, A. W. Brett, J. M. Callander, A. D. George, Frank N. Jacks, Jno. J. Ruvane, Geo. B. Voorhees.
Dubuque—Ira G. Whitney.
Fort Dodge—R. O. Green.
Sioux City—L. T. Ford, W. G. Schroer.

Kansas.

Atchison—C. L. Mize.
Wichita—S. S. Billingsley, Willis Davis, L. B. McCausland, Geo. D. Shields, F. C. Young.

Kentucky.

Lexington—C. L. Williamson.
Louisville—P. B. Bethel, Clarence Braden, F. M. Gettys, Louis Grossman, E. C. Mitchell, G. H. Mourning, J. H. Scales, J. S. Shimansky.

Louisiana.

New Orleans—Sam Blum, A. C. Carpenter, W. R. Christian, James H. Curtin, T. J. Ferguson, P. P. Hanley, W. C. Lovejoy, F. J. Offer, Chas. Reynolds, George K. Smith, C. A. Wurtele.

Maryland.

Baltimore—Frank S. Ambrose, Harry Hartzberg, W. F. McAvoy, S. M. McBride, S. F. Miller, Ira L. Morningstar.

Massachusetts.

Boston—N. I. Adams, H. A. Austin, Jos. J. Devereaux, Chas. Fletcher, Frank W. Hall, Jno. J. Hennessey, H. H. Humphrey, Walter C. Mitchell, K. H. Partelow, Wm. G. Walker.
Fitchburg—R. H. Hitchcock.

Michigan.

Detroit—A. Bodde, J. W. Bolger, Chas. A. Brownell, Walter S. Campbell, E. M. Dill, Chas. W. Garratt, Arthur E. Johnson, Wm. H. McBryan, J. J. McLeod, Wade Millis, O. A. Montgomery, James Patterson, Wm. A. Petzold, J. M. Richardson, Wm. H. Roberts, Chas. B. Sawyer, H. S. Schneider, F. A. Selle, Chas. Sparks, D. E. Scott, Jno. Wagner, Jr., Murray D. Wasson, Arthur E. Wood.
Grand Rapids—C. A. Benjamin, H. A. Brink, R. J. Cleland, Christian Gallmeyer, H. J. Hagen, Lee M. Hutch-

ins, Wm. J. Kennedy, G. A. Krause, C. E. Peterlein, Jno. Sehler, G. J. Wissink.

Minnesota.

Albert Lea—W. W. Demmon.
Austin—Paul C. Knopf.
Duluth—F. E. Church, W. B. Cross, E. J. Duel, R. W. Higgins, J. O. Lanning, C. A. Luster, J. M. McDonald, Bentley P. Neff, H. A. Sedgwick, C. H. Townsend, O. C. Wagner, A. W. Worley.
Glencoe—Henry L. Simons.
Mankato—J. A. Berquist.
Minneapolis—S. D. Andrews, M. C. Badger, H. A. Barnard, Geo. W. Bliss, O. F. Carlson, A. E. Clerihew, Edwin J. Fisher, A. F. Floerkey, Arthur T. Garrett, Louis C. Gens, T. H. Green, C. Grimsrud, F. A. Gross, N. L. Hills, F. E. Holton, F. J. Hopkins, H. D. Hudson, W. S. Hughes, R. P. Ingmundson, J. F. Jordan, W. G. Jordan, Harry W. Joy, R. W. Kimball, W. D. Lawrence, J. G. Maclean, C. E. Mann, J. G. Melaven, C. D. Morck, Carl A. Nelson, F. C. Ohly, J. M. Paul, H. O. Roberts, Fred R. Salisbury, H. T. Seely, Paul W. Smith, W. A. Van Heuklon, Joseph E. Ware.
St. Cloud—Willard L. Freeman.
St. Paul—E. M. Aberle, J. Bleckink, F. M. Colleston, A. B. Driscoll, Jno. P. Galbraith, Harry K. Huntoon, Fred H. Koch, Chas. E. Korfhage, Wm. R. Langford, J. J. Levins, C. D. Maclaren, B. Marx, W. H. Mingaye, E. A. Oas, H. W. Parker, Victor Robertson, W. C. Rodgers, E. Stott, Z. H. Thomas, H. F. Wessel, W. H. Whitaker, E. A. Young.
Winona—W. F. Kohler.

Missouri.

Chillicothe—W. G. Keath.
Joplin—C. G. Henderson, B. A. Longnecker.
Kansas City—R. E. Beebe, Edward E. Ingels, K. L. Kelly, H. G. Moore, T. G. Murphy, Marvin Orear, J. D. Stevens, J. S. Stewart, Thos. L. Todd, C. E. Vandel, F. W. Yale.
St. Joseph—F. W. Black, C. S. Dickey, K. T. Green, B. F. Johnson, A. C. Muench, E. D. Plummer.
St. Louis—W. J. Baggerman, Geo. R. Barclay, Stuart Campbell, L. Caywood, E. M. Christopher, Geo. M. Dinges, W. J. Duggan, R. B. Dumbell, C. S. Faxon, A. H. Foote, Gilbert H. Fox, Aug. E. Gilster, Jno. C. Hogan, C. W. Hughes, S. A. Humphreys, J. H. Kentnor, Ira W. Love, E. R. Millard, E. S. Murphy, F. E. Norwine, C. C. Robertson, O. W. Ropiequet, Henry C. Scott, C.

M. Shirley, F. L. Taylor, A. W. Thias, Homer F. Ziegler.

Nebraska.

Lincoln—H. T. Folsom, A. H. Powell, E. B. Sawyer, Geo. W. Woods.
Omaha—E. M. Andreesen, D. M. Davis, R. D. Wilson.

New Jersey.

Newark—Irving C. Brown, Curtis R. Burnett, Frederic P. Crane, Chas. E. Daniel.
Trenton—W. C. Matlack.

New York.

Buffalo—H. M. Edwards, William L. Fox, A. J. Hoefner, W. K. Knight, J. C. McCabe, Frederick J. Smith, B. F. Stimson.
Canajoharie—F. G. Waner.
Johnstown—Geo. C. Potter.
New York—J. H. Anthony, Chas. Biggs, E. S. Boteler, Franklin H. Brown, Chas. Compton, S. D. Conger, James H. Einstein, O. G. Fessenden, Frank S. Flagg, E. D. Flannery, W. F. Gayle, Geo. C. Haigh, W. N. Hardy, Geo. W. Hayes, Edwin B. Heyes, Edward Hiler, Wm. M. Kennard, U. S. Kolby, H. MacKay, Jr., Howard Marshall, Chas. E. Meek, Richard P. Messiter, E. H. Phillips, Geo. R. Randel, Jesse Marshall Smith, J. M. Tallman, C. C. Williams, Fred. F. Waters, R. J. Wall.
Rochester—W. T. Connor, E. H. Donovan, W. E. More, W. J. Trimble.
Syracuse—L. John Bergman, Martin W. Henley, R. B. Roantree.

North Carolina.

Wilmington—D. D. Barber, L. E. Hall, H. L. Hunt, L. B. Rogers.

North Dakota.

Fargo—A. J. Banstrom, R. E. Cole, A. H. Dodsley, Fred L. Dowd, Chas. H. Lavelle, H. L. Loomis, R. D. McGregor, J. W. McHose, R. T. Porte, W. W. Smith.
Grand Forks—R. Jackson.

Ohio.

Cincinnati—Max Agger, Henry Bentley, B. Haas, W. A. Hoppie, W. B. Johnston, H. L. Loge, Wm. H. Muench, W. H. Murphy, Milton Plaut, Max Silberberg, Walter Silberberg.
Cleveland—F. B. Bicknell, H. J. Bruchler, F. P. Church, W. A. Comstock, F. J. Darling, F. C. Dorn, H. Dutey, A. J. Gaehr, D. E. Green, B. P. Grunauer, J. M. Klingman, Harry New, F. H. Randel, F. D. Shook, Julius Tuteur, B. F. Wade, F. J. Whearley, J. W. Wilson.

Columbus—J. L. Anderson, J. M. Armstrong, J. J. Jennings, E. I. Pollock, G. Edwin Smith, H. E. Smith, B. G. Watson.

Dayton—Wm. F. Bippus.

Piqua—C. F. Stickler.

Portsmouth—J. M. Graham, J. J. Rardin.

Steubenville—W. R. Johnson, W. C. Sterling.

Toledo—C. N. Bevan, W. S. Buckhout, Geo. E. Hardy, Daniel Segur, R. L. Witters.

Youngstown—W. H. Barr, S. D. Currier, H. W. Grant, F. G. King, W. C. Knepper, W. C. McKain.

Oklahoma.

Oklahoma City—Geo. F. Dean, Jno. E. O'Neil.

Oregon.

Portland—L. B. Smith, E. M. Underwood.

Pennsylvania.

New Castle—J. J. Dean, Wm. F. Moody.
Philadelphia—Adolph Ahrens, Jr., Jno. W. Benson, H. R. Bitner, James J. Burns, D. G. Endy, Louis Fleisher, G. L. Levi, Jno. S. McCay, Edmund S. Mills, Chas. G. Rapp, E. W. Storey, H. Morris Teaf, Robert Walker, Chas. H. Wolf.

Pittsburgh—Mark Alexander, G. J. G. Anderson, F. Armstrong, Jr., Jno. P. Bridge, Maurice L. Caplan, H. F. Carr, A. R. Darragh, Geo. E. Dietz, A. C. Ellis, C. L. Fairfield, G. Brown Hill, W. L. Jack, Cyrus Lewis, Max Mansmann, S. G. Meanor, Wm. Meyer, James E. Porter, E. N. Prugh, Enoch Rauh, R. R. Reynolds, A. H. Schewe, E. A. Schooley, T. H. Sheppard, John H. Short, L. C. Voss, H. C. Workmaster, Wm. Workmaster.

South Dakota.

Aberdeen—E. Martin.

Tennessee.

Chattanooga—H. W. Boal.

Knoxville—James H. Cowan, A. T. Dosser.

Memphis—H. A. Burkhardt, V. P. Philippi, R. W. Ramsey, W. E. Stansbury, J. J. Thornton, Jr.

Nashville—Chas. L. Brazelton, R. P. Crockett, R. M. Davis, Geo. E. Finnegan, H. T. Hill, L. W. Jacobs, J. L. McWhorter, A. H. Meyer,

Lamar Pound, Harris Solinsky, Chas. T. Sullivan, Bernard Weinbaum.

Texas.

Dallas—J. S. Covert, J. G. Davis, A. C. Williams, Edward B. Williams.

El Paso—James A. Dick, U. S. Stewart.

Fort Worth—H. C. Burke, Jr., H. B. Gateley, Fred R. Largent, Geo. Q. McGown, Gladstone Wardlaw.

San Antonio—H. D. Elliott.

Utah.

Salt Lake City—Jno. W. Delano, Geo. E. Forrester, Jos. Johnson, Arthur Parsons, Joseph Pingree, E. H. Sparks, Jr., Wm. J. Startup, Clarence E. Traver.

Virginia.

Norfolk—W. K. Neville.

Richmond—Robert S. Crump, H. N. Ewing, C. S. Fensom.

Washington.

Seattle—C. H. Dodd, F. T. Fischer, Warren Greene, J. T. Hardeman, H. E. Jones, W. H. Preston, Geo. S. Rice, Chester E. Roberts, W. E. Slater, J. W. Spangler, F. J. Speckert, E. A. Stuart, G. F. Telfer.

Spokane—J. B. Campbell.

Tacoma—J. D. Benner.

West Virginia.

Charleston—L. C. Stephenson.

Wheeling—A. W. Crosly.

Wisconsin.

La Crosse—A. C. Bangsberg, A. S. Fornan, L. H. Martin.

Milwaukee—H. M. Battin, T. A. Boerner, T. E. Brennan, Carl Engelke, Wm. F. Filter, Henry D. Goodwin, Wm. Grossman, J. G. Kissinger, Jno. L. Klingler, A. Landauer, Oscar Loeffler, E. A. Long, Fred J. Meyers, Richard J. Morawetz, H. M. Oberndorfer, A. L. Pike, Wm. M. Post, Wm. F. Rediske, A. N. Ritz, D. L. Sawyer, Ernst L. Unke.

Oshkosh—Alexander Wall.

Racine—Julius J. Cohen.

Superior—H. S. Julsrud.

Summary of Registration.

Members present 565

Ladies and visitors present..... 236

Total 801

Miscellaneous Matters of Interest to the Membership.

If you have had Dealings with this Party notify the National Office.



The above pictures represent a man said to have been arrested in Cincinnati for the Nashville police as Charles Hadad. The party in question denies being Hadad, but it is said he was arrested in Cincinnati and identified by representatives of a Cincinnati firm and of a Nashville firm as the party who had ordered goods, claiming to be Charles Hadad. He claims that his name is Kalel, and that he was a clerk of Hadad. His identity is at present a matter of inquiry.

According to police information indictments have been returned at Nashville against Charles Hadad on a charge of being an accessory to arson and Joseph Kalel on the charge of arson, and against Joseph Kalel on the charge of obtaining goods under false pretenses and larceny.

It is reported Hadad opened a store on Bridge Avenue, Nashville, on January 16, 1911, and bought a large amount of merchandise on credit. On the 23d of June the store caught fire. The fire was extinguished with very little loss. On examination, however, the store was found to contain little more than empty boxes. Hadad carried insurance to an amount largely in excess of the value of the stock of goods.

Shipments of merchandise from Hadad's store were traced to various cities. After the fire Hadad disappeared and the arrest of the party whose picture is presented on June 27th in Cincinnati at a Syrian boarding house followed.

Members who have had any dealings with the party whose picture appears above will kindly notify the National office at once, giving all the information in their possession.

Missing Debtors.

Those listed here are reported as missing. Any information regarding their whereabouts should be sent to the National office:

T. C. Henry and Wilbert H. Adams, formerly in the office supply business, under the name of Henry & Adams, 10 Adelaide St., Toronto, Canada;

F. G. Richards, formerly in seed business as F. G. Richards & Co., 310 Union St., Seattle, Wash.;

William Halles and James Karooges, formerly in the restaurant business at Akron, Ohio;

Dupont & Peter, formerly in the custom tailoring business at 69 Webster St., N. Tonawanda, N. Y.;

F. H. Layton, formerly located at Windsor, Ill.;

J. W. Trammell, lumber manufacturer, Provencal, La.;

W. M. Smith, formerly in the paint and wall paper business at Chickasha, Okla., formerly resided in Baltimore, Md.;

H. King, San Francisco, Cal.;

Milwaukee House Supply Co., Mr. Jenkins, Mgr., Milwaukee, Wis.;

Chas. C. Templeton, formerly in the saw mill and cotton gin business at Boothe, Ark.;

S. C. English, Walters, Okla.;

H. E. Bickham, formerly of Bridgeport, Ill., later at 2628 Gamble St., St. Louis, Mo.;

Bernard Jones (bakery), Vevay, Ind.; later at Indianapolis, Ind.;

M. D. Schneller, general store, Almeek, Mich.;

Julius Arnstein, Parisian Dry Cleaning Co., 208 S. Ervay St., Dallas, Texas;

— Gray, prop., Valley Store Company, Hartman, Colo.;

Gus Moos, formerly of Schiff & Moos, in clothing business at 721 Broadway, New York, N. Y.;

Harry Ganis, tobacco business, Camden, Ark.;

A. Moss, tobacco business, Raymond, Miss.;

A. Ricklin, 6403 S. Halsted St., Chicago, Ill.;

W. W. Jones and Graham Fields, conducting Central Machine and Foundry Co., Grenada, Miss.;

W. P. Carver, in planing machine business at Nicholson, Miss.;

Chas. Dunne, El Paso, Texas. Now thought to be in California.

D. H. Garr, New Orleans, La. Thought to have gone to Los Angeles, Cal.

J. E. Hebert, New Orleans, La. Last heard of in Thibodaux, La.

Jack Henderson, formerly in the machine business at Columbia, Miss.;

Thomas Reddy, formerly in the electrical construction business at Livingston, Mont.;

— Northrup, Mgr., formerly with Northrup Electric Co., Sand Point, Idaho;

Goldstein Bros., formerly of 526 West 26th Street, New York, N. Y.;

Herman Unger, 670 S. State St., Chicago, Ill.; later on heard of at Cleveland, Ohio;

Harold R. Hare, formerly in the rubber business at Newark, N. J.;

M. B. O'Shinsky, Niagara, Wis.; said also to have passed under the name of M. B. Lewis;

D. Klein, Cheyenne, Wyo.;

Clark & Van Ness, Driggs and Manhattan Aves., Brooklyn, N. Y.;
S. Baird, East Orange, N. J.; afterwards said to have gone to 230
Sixth Ave., Newark, N. J.;

Levy & Lange, in the dry goods business, formerly located at 1704
First Ave., New York, N. Y.;

Louis Birnbaum, dry goods and men's furnishing line, formerly
at 525 Columbus Ave., Boston, Mass.;

A. Leslie Sodeman, general store, Aliquippa, Pa., formerly of Titus-
ville, Pa.

The Committees of the National Association of Credit Men for
the year 1911-1912 will be appointed early during the coming fall. In
the meantime, matters of urgent importance calling for the attention
of committees will be cared for by the committees of 1910-1911. Let-
ters referring to committee matters should be addressed to the National
office, 41 Park Row, New York, N. Y.

The Board of Directors at its meeting held in Minneapolis,
directly at the close of the Annual Convention, received the resignation
of Chas. E. Meek as secretary and treasurer and elected O. G.
Fessenden, of New York, as acting secretary and treasurer, to serve
until a permanent appointment is made.

WANTS.

Wanted—A young man 25 to 28 years of age experienced in
handling credits and collection correspondence, as assistant to credit
manager in established manufacturing and jobbing business serving
the southeastern states. Must be well educated, a tactful correspond-
ent, of unquestionable character and habits and capable of assuming
a man's share of responsibility. All things being equal, preference
will be given applicant familiar with local conditions and business
customs and the shoe business in particular. A fair salary to begin
with and future possibilities commensurate with services rendered and
the continued growth and prosperity of the business. Read carefully
and give succinctly all the facts desired, including full references, in
first letter. Address A. Z., care Atlanta Association of Credit Men,
Atlanta, Georgia.

COMPETENT CREDIT AND COLLECTION MANAGER, at present employed,
desires connection with good, reliable house. Accustomed to handling large
interests; also experienced in supervising credits and collections of branch
houses. To interested parties, more can be said by correspondence than can
be stated in this item. Correspondence solicited. Address, Competent, care
O. G. Fessenden, Acting Secretary, 41 Park Row, New York, N. Y.

POSITION WANTED as assistant credit man or collection correspondent by mar-
ried man, age twenty-six. Has had eight years' experience in all branches of
clerical work. Two years with present employer (manufacturing concern,
Texas), and desires to make a climatic change on account of his wife's health.
Prefers a northern city or one on Pacific Coast. Has at present complete
charge of 2,500 active accounts and all correspondence relating thereto.
Losses considerably below normal. Strictly a result getter. Salary, moderate
where connection affords improved opportunities. Address J. B. H., care
O. G. Fessenden, Acting Secretary, 41 Park Row, New York, N. Y.

WANTED—Position of trust by a man who has had nine years' experience in
office management, handling credits, collections and accounting work. Address
R. W. J., care O. G. Fessenden, 41 Park Row, New York, N. Y.

A HIGH-GRADE CREDIT AND SALES MANAGER desires to make new connections. Has been associated with a large manufacturing concern in Chicago for the past three years. At present time is assistant manager; has charge of the credit department and office management and handling of salesmen. Capable of handling large volume of work and thoroughly posted in accounting and general office details. Is a licensed attorney and possesses the necessary qualifications to handle matters involving large interests. Is desirous of locating with some responsible concern in Chicago, and can furnish the best testimonials as to ability and character, from prominent business men, bankers and attorneys. Has satisfactory reasons for desiring to make change. Age 33 years. Address C., care O. G. Fessenden, 41 Park Row, New York, N. Y.

WANTED—Position as manager of collection or credit department of house large enough to require first-class man. Am now at head of commercial law and collection business, with which concern I have been for past four years. Have also had considerable experience in handling credits. Am admitted to practice of law in several states. Am twenty-eight years old. Can give such references as may be desired and would be glad to make trip to see any one sufficiently interested. Would want good salary, as am worth it. Address G. S. W., care O. G. Fessenden, 41 Park Row, New York, N. Y.

WANTED—Position as credit man or assistant. Has had nine years' credit and collection experience with large textile concern selling clothing, cloak, woolen, jobbing and retail trades throughout the United States, Canada, Porto Rico and Cuba. Satisfactory references can be given on request. Address W. E. R., care O. G. Fessenden, 41 Park Row, New York, N. Y.

CREDIT AND COLLECTION MANAGER, connected with one of the largest concerns in the country, fifteen years' experience, an acknowledged expert, solicits correspondence from any large manufacturer or wholesaler looking for a live wire. Can make change in sixty days but would prefer six months. References as to ability, habits and character from some of the best people in the financial world. Address J. X. C., care O. G. Fessenden, 41 Park Row, New York, N. Y.

CHANGE DESIRED—A man with many years' experience in all grades of credit, collections and systematizing work, desires to make a change which would offer a broader opportunity for development in a commercial way. Can provide best of references as to experience, ability, integrity and character. Address L. V., care O. G. Fessenden, 41 Park Row, New York, N. Y.

EXPERIENCED CREDIT MAN AND BOOKKEEPER, age 26, married, desires to connect himself with wholesale house in Pacific Northwest. For past five years was in like capacity with wholesale rubber goods concern in Tacoma, Seattle and Spokane, Wash.; well acquainted with retail trade of that section; good reason for changing and can furnish best of references. Address S. W. R. C., care Chas. E. Meek, 41 Park Row, New York, N. Y.

WANTED—Position as credit man and correspondent in bank or mercantile house, by man, thirty-five years of age, married, who has been employed for four years by a prominent mercantile agency as reporter, which position he still holds but desires to make a change offering advancement. Is a competent bookkeeper, has made a study of credits and possesses executive ability. Address F. W., care Chas. E. Meek, 41 Park Row, New York, N. Y.

COMPETENT AND THOROUGH OFFICE AND CREDIT MAN with many years' experience wants position. Best of references. For further particulars address A. H. Foote, secretary, St. Louis Association of Credit Men, 623 Security Bldg., St. Louis, Mo.

A MAN, 38 years of age, with large credit experience, and a general knowledge of corporate matters, is open for engagement from June 1st. For many years connected with one of the leading houses in New York. Address J. H. C., care Chas. E. Meek, 41 Park Row, New York, N. Y.

CREDIT AND COLLECTION MANAGER.—Married, age 45, fifteen years' experience in handling large lines. Has been familiar with wholesale grocery, meats and provisions and kindred lines. Address G. F. D., care Chas. E. Meek, 41 Park Row, New York, N. Y.

CREDIT MAN, collector and adjuster, one who has handled all details of such matters, is desirous of becoming connected in same line of work in a more aggressive house. Is handling large volume of business, and with satisfactory results. Satisfactory credentials and reasons given for change desired. Address "Dry Goods," care Chas. E. Meek, 41 Park Row, New York, N. Y.

TRAINED CREDIT AND COLLECTION MAN desires to make new connection. California, Washington or Oregon preferred. Thoroughly versed in sales and office management. Address H. B. C., care Chas. E. Meek, 41 Park Row, New York, N. Y.

A MAN—Thirty, married, well educated, a graduate at law, with a thorough legal and business training, desires position of responsibility and trust. Experienced collector, office manager and systematizer, and has a practical knowledge of credits. Is now serving in a semi-executive capacity, and can furnish excellent references, including present employers. Address S. H. W., care Chas. E. Meek, 41 Park Row, New York, N. Y.

A CREDIT MAN well known in mercantile affairs in Chicago is open for a new engagement; is recognized as a man of more than ordinary ability, of large experience in the handling of credits and finances, has executive ability which equips him for the general management of large affairs and can offer exceptional references. Would be willing to connect only where his services would be reasonably well paid for. Will be glad to furnish full particulars regarding himself on request. Address W. S. T., care Chas. E. Meek, 41 Park Row, New York, N. Y.

CHANGE OF POSITION WANTED—Have had eighteen years' experience in various lines of business, ten years in present position as credit man and office manager for one of the largest wholesale houses in its line in the central west. Losses one-twentieth to one-fifth of one per cent. of sales, with constantly increasing business. Am familiar with all wholesale lines and have made a close study of financial matters; considerable knowledge of Spanish. Want connection that offers greater opportunities for further development. Address Nicodemus, care Chas. E. Meek, 41 Park Row, New York, N. Y.

CAPABLE AND ENERGETIC CREDIT MAN, with manufacturing and jobbing experience, is desirous of locating with a house that can appreciate sterling integrity and a zealous devotion to its interests. Is 31 years of age, married, of good general education, business training, and ten years' experience as credit man, bookkeeper and office manager. Is graduate in law and capable, through training and experience, to take the initiative in matters requiring good judgment, tact, and a knowledge of collection procedure. Has the qualifications essential to the make-up of a good credit man, and is an ambitious, enterprising and indefatigable worker. The very highest references as to character, training, ability and experience will be furnished. Address A. A. G. D., care Chas. E. Meek, 41 Park Row, New York, N. Y.

WANTED—Position as credit man or assistant by young man 27 years of age. Has had six years' experience as credit man and correspondent. Can also assist on books. References can be furnished. Can give good reasons for desiring to make a change. Address V. A. E., care Chas. E. Meek, 41 Park Row, New York, N. Y.

HIGH-CLASS CREDIT MAN AND OFFICE MANAGER is open for engagement with large house; executive ability; excellent correspondent; wide experience covering practically every state in the Union; highest references. Address P. H. J., care Chas. E. Meek, 41 Park Row, New York, N. Y.

WANTED position as credit man or assistant by man aged 30 who has had a number of years experience in handling credits and collections, besides being well versed in commercial as well as bankruptcy laws. Has been connected with a large cigar manufactory in New York and is well known in different trade lines. Will accept proposition within 500 miles of New York City. Address P. E. H., care Chas. E. Meek, 41 Park Row, New York, N. Y.

A HIGH-CLASS CREDIT, COLLECTION MANAGER AND AUDITOR desires to form a new connection. Has had fifteen years' active experience in his profession in Pittsburgh and can make himself valuable to any organization in need of an expert. Has successfully handled thousands of accounts and is conversant with collection laws and legal procedure throughout the several states. Best reasons for desiring change. Address A. S. T., care Chas. E. Meek, 41 Park Row, New York, N. Y.

Directory of Officers of the Affiliated Branches of the National Association of Credit Men.

ATLANTA, GA.—The Credit Men's Association of Atlanta. President, Ralph Rosenbaum, Atlanta Woodenware Co.; Secretary, E. L. Rhodes, Ernest L. Rhodes & Co.

BALTIMORE, MD.—The Credit Men's Association of Baltimore. President, Harry P. Boyd, National Building Supply Co.; Secretary, S. D. Buck, 100 Hopkins Pl.

BIRMINGHAM, ALA.—Birmingham Credit Men's Association. President, H. W. Coffin, Moore-Handley Hdw. Co.; Secretary, H. M. Beck, Beck Candy and Grocery Co.; Assistant Secretary, R. H. Eggleston.

BOISE, IDAHO.—The Boise Association of Credit Men, Ltd. President, J. G. H. Graveley, Capital Brokerage and Comm. Co.; Secretary, D. J. A. Dirks, 305-6 Idaho Bldg.

BOSTON, MASS.—Boston Credit Men's Association. President, Fred L. Howard, C. A. Browning & Co.; Secretary, Herbert A. Whiting, 77 Summer St.

BUFFALO, N. Y.—Buffalo Association of Credit Men. President, Fred J. Smith, George R. Irish Paper Corporation; Secretary, Wilbur B. Grandison, 78 Erie County Bank Bldg.

BURLINGTON, VT.—Burlington Association of Credit Men. W. E. Greene, W. E. Greene Co., President.

BUTTE, MONT.—Butte Association of Credit Men. President, Chas. E. Virden, Ryan & Virden Co.; Secretary, R. Frank Casey, Casey Candy Co.; Assistant Secretary, C. E. Alsop, Ind. Tel. Bldg.

CEDAR RAPIDS, IA.—Cedar Rapids Association of Credit Men. President, B. R. Day, Cook-Laurence Co.; Secretary, Thos. B. Powell, 702-4 Security Savings Bank Bldg.

CHARLESTON, W. VA.—Charleston Association of Credit Men. President, E. A. Barnes, Abney-Barnes Co.; J. W. Higginbotham, Acting Secretary, 74 Bradford Bldg.

CHICAGO, ILL.—The Chicago Association of Credit Men. President, R. S. White, American Steel and Wire Co.; Secretary, O. A. Ipsen, 206 So. La Salle St.

CINCINNATI, O.—The Cincinnati Association of Credit Men. President, W. B. Johnston, P. R. Mitchell Co.; Secretary, Henry Bentley, 614 Mercantile Library Bldg.

CLEVELAND, O.—Cleveland Association of Credit Men. President, Floyd D. Shook, Adams & Ford Co.; Secretary, H. J. Bruehler, 505 Chamber of Commerce Bldg.

COLUMBUS, O.—Columbus Credit Men's Association. President, J. J. Jennings, City National Bank; Secretary, Benson G. Watson, 411-420 The New First National Bank Bldg.

DALLAS, TEX.—Dallas Association of Credit Men. President, R. E. Bramlett, Texas Drug Co.; Secretary, Edw. B. Williams, Edw. B. Williams & Co.

DAVENPORT, IA.—Davenport Association of Credit Men. President, George W. Noth, Davenport Bag & Paper Co.; Secretary, Isaac Petersberger, 222 Lane Bldg.

DECATUR, ILL.—Decatur-Springfield Association of Credit Men. President, A. J. Murray, National Grocer Co.; Secretary, T. A. Stecher, C. E. Ward, Decatur, Ill.

DENVER, COLO.—The Denver Credit Men's Association. President, I. F. Downer,

Hallack & Howard Lumber Co.; Secretary, Frank McLister, Kohler, McLister Paint Co.; Assistant Secretary, H. A. C. Mathew, 407-408 Sugar Bldg.

DES MOINES, IA.—Des Moines Credit Men's Association. President, J. J. Ru-vane, Harris-Emery Co.; Secretary, A. J. Betten, Brown-Camp Hdw. Co.

DETROIT, MICH.—Detroit Credit Men's Association. President, Wm. A. Petzold, J. L. Hudson Co.; Secretary, W. S. Campbell, 500 Moffat Bldg.

DULUTH, MINN.—Duluth Association of Credit Men. (Duluth-Superior). President, J. O. Lenning, Wright-Clarkson Mere. Co.; Secretary, N. S. Marshall, 621 Manhattan Bldg.

EL PASO, TEX.—El Paso Association of Credit Men. President, James A. Dick, The James A. Dick Co.; Secretary, Frank Smith, 30 City National Bank Building.

FARGO, N. D.—Fargo Association of Credit Men. President, J. W. McHose, McHose & Pardoe; Secretary, H. L. Loomis, N. S. Mutual Savings and Loan Assn.

FORT SMITH, ARK.—Fort Smith Association of Credit Men. President, T. C. Price, W. J. Echols & Co.; Secretary, Ben D. Kimpel, 606 Merchants National Bank Bldg.

FORT WORTH, TEX.—Fort Worth Association of Credit Men. President, T. E. Blanchard, Jersey-Creme Co.; Secretary, George Q. McGown, Reynolds Bldg.

GRAND RAPIDS, MICH.—Grand Rapids Credit Men's Association. President, John Sehler, Brown & Sehler Co.; Secretary, A. K. Tyson, Powers-Tyson Printing Co.

HOUSTON, TEX.—Houston Association of Credit Men. President, J. B. Adoue, Adoue-Blaine Hdw. Co.; Secretary, M. R. Robson, Schumacher Grocery Co.

INDIANAPOLIS, IND.—Indianapolis Association of Credit Men. President, Aaron Wolfson, Kahn Tailoring Co.; Secretary, C. N. Hawkins, A. P. Hendrickson Hat Co.

JACKSONVILLE, FLA.—Jacksonville Credit Men's Association. President, R. V. Covington, Covington Co.; Secretary, J. C. Darby, W. A. Bours & Co.

KANSAS CITY, MO.—Kansas City Association of Credit Men. President, James McQueeney, Loose-Wiles Biscuit Co.; Secretary, Frank W. Yale, 315 Dwight Bldg.

KNOXVILLE, TENN.—Knoxville Association of Credit Men. President, G. L. Price, Daniel Briscoe Co.; Secretary, H. Wood, Gillespie, Shields & Co.

LEXINGTON, KY.—Lexington Credit Men's Association. President, Joseph Le Compte, Lexington Roller Mills Co.; Secretary, C. L. Williamson, McClelland Bldg.

LINCOLN, NEB.—Lincoln Credit Men's Association. President, J. L. Kennard, Western Glass and Paint Co.; Secretary, E. G. Evans, Henkle & Joyce Hdw. Co.

LOS ANGELES, CAL.—Los Angeles Credit Men's Association. President, Warren C. Kennedy, Baker Iron Works; Secretary, W. C. Mushet, 600 Equitable Savings Bank Bldg.

LOUISVILLE, KY.—Louisville Credit Men's Association. President, S. B. Lynd, Citizens National Bank; Secretary, Wm. F. Baumeister, U. S. Trust Co. Bldg.

- LYNCHBURG, VA.**—Lynchburg Credit Men's Association. President, Edward F. Shelly, Craddock-Terry Co.; Secretary, J. M. Funkhouser, Smith-Briscoe Shoe Co.
- MEMPHIS, TENN.**—The Memphis Association of Credit Men. President, R. W. Ramsey, Van Vleet-Mansfield Drug Co.; Secretary, G. F. Elliott, Business Men's Club Bldg.
- MILWAUKEE, WIS.**—The Milwaukee Association of Credit Men. President, John L. Klingler, Ellsworth-Thayer Mfg. Co.; Secretary, H. M. Battin, 616 Germania Bldg.
- MINNEAPOLIS, MINN.**—Minneapolis Association of Credit Men. President, F. E. Holton, Northwestern National Bank; Secretary, M. C. Badger, T. W. Stevenson Co.
- MONTGOMERY, ALA.**—Montgomery Association of Credit Men. President, Wm. E. Pitts, Levy, Wolff & Pitts Shoe Co.; Secretary, Leo Gassenheimer, Mercantile Paper Company.
- NASHVILLE, TENN.**—Nashville Credit Men's Association. President, R. P. Crockett, Murray-Debrell Shoe Company; Secretary, George M. Thomas, 307 Stahlman Bldg.; Assistant Secretary, Charles H. Warwick.
- NEWARK, N. J.**—Newark Association of Credit Men. President, Curtis R. Burnett, American Oil and Supply Co.; Secretary, J. Fred Braun, J. J. Hockenjos Co.
- NEW CASTLE, PA.**—New Castle Association of Credit Men. President, William M. White, New Castle Notion Co.; Secretary, Roy M. Jamison, 509 Greer Block.
- NEW ORLEANS, LA.**—New Orleans Credit Men's Association. President, A. C. Carpenter, Gulf Bag Co.; Secretary, T. J. Bartlette, Williams, Richardson & Co., Ltd.
- NEW YORK, N. Y.**—The New York Credit Men's Association. President, Frank S. Flagg, Powell Bros. Shoe Co.; Secretary, A. H. Alexander, 320 Broadway.
- NORFOLK, VA.**—Norfolk Association of Credit Men. President, H. G. Barbee, Harris-Woodson Co.; Secretary, C. L. Whichard, Whichard Brothers Co.
- OKLAHOMA CITY, OKLA.**—Oklahoma City Credit Men's Association. President, O. A. Mitscher, Miller-Mitscher Co.; Secretary, George F. Dean, 1217 Colcord Bldg.
- OMAHA, NEB.**—The Omaha Association of Credit Men. President, John Duff, Hayward Bros. Shoe Co.; Secretary, E. G. Jones, Credit Clearing House.
- PHILADELPHIA, PA.**—The Philadelphia Credit Men's Association. President, D. G. Endy, Artman-Treichler Co.; Secretary, S. W. Severson, Room 801, 1011 Chestnut St.
- PITTSBURGH, PA.**—Pittsburgh Association of Credit Men. President, Enoch Rauh, Hauh Bros. & Co.; Secretary, A. C. Ellis, Renshaw Bldg.; Assistant Secretaries, A. C. Bunce and E. A. Schooley, Renshaw Bldg.
- PORTLAND, ORE.**—Portland Association of Credit Men. President, E. M. Underwood, Failing-McCalman Co.; Secretary, L. B. Smith, Fleischer, Mayer & Co.
- PUEBLO, COLO.**—Pueblo Association of Credit Men. President, Thos. A. Duke, Henkel-Duke Mercantile Co.; Secretary, H. B. Metcalf, Ridenour-Baker Merc. Co.
- RICHMOND, VA.**—Richmond Credit Men's Association. President, John S. Harwood, Harwood Bros.; Secretary, Jo. Lane Stern, 1014 Main St.
- ROCHESTER, N. Y.**—The Rochester Credit Men's Association. President, W. J. Trimble, Traders' National Bank; Secretary, Edward Weter, Yawman & Erbe Mfg. Co.
- ST. JOSEPH, MO.**—St. Joseph Credit Men's Association. President, J. A. Cattell, Letts-Spencer Gro. Co.; Secretary, E. H. Ott, G. W. Chase & Son Merc. Co.
- ST. LOUIS, MO.**—The St. Louis Association of Credit Men. President, W. H. Grimes, Chattin-Norton Importing Co.; Secretary, A. H. Foote, 600 Security Bldg.
- ST. PAUL, MINN.**—St. Paul Association of Credit Men. President, H. W. Parker, Merchants' National Bank; Secretary, W. H. Mingay, T. L. Blood & Co.
- SALT LAKE CITY, UTAH.**—The Utah Association of Credit Men. President, Arthur Parsons, Z. C. M. I.; Secretary, P. L. Doran, Symms Utah Grocer Co.; Assistant Secretary and Manager, Geo. E. Forrester, P. O. Box 886.
- SAN ANTONIO, TEX.**—San Antonio Association of Credit Men. President, Jake Wolf, J. Oppenheimer & Co.; Secretary, Geo. T. Allensworth, Allensworth Carnahan Co.
- SAN DIEGO, CAL.**—The Credit Association of San Diego. President, I. L. Lessynsky, Simon Levy Co.; Secretary, G. F. Hoff, 403 Union Bldg.
- SAN FRANCISCO, CAL.**—San Francisco Credit Men's Association. President, Thos. M. Earl, Nolan-Earl Shoe Co.; Secretary, Ben Armer, 499 Monadnock Bldg.
- SAVANNAH, GA.**—Savannah Credit Men's Association. President, Marvin O'Neil, Meinhard, Schaul & Co.; Secretary, R. B. Young, R. B. Young Company.
- SEATTLE, WASH.**—Seattle Association of Credit Men. President, J. T. Hardeman, J. T. Hardeman Hat Co.; Secretary, F. J. Speckert, Western Hardware and Metal Co.
- SELMA, ALA.**—Selma Association of Credit Men. President, J. E. Axford, C. W. Hooper & Co.; Secretary, F. N. Scott, Seigle, Seigle & Cothran.
- SPOKANE, WASH.**—Spokane Merchants' Association. President, R. C. Dillingham, Jones & Dillingham Co.; Secretary, J. B. Campbell, 610 Empire State Bldg.
- SYRACUSE, N. Y.**—Syracuse Association of Credit Men. President, L. John Bergman, 103 Coleridge Ave.; Secretary, R. B. Roantree, Benedict Mfg. Co., East Syracuse.
- TACOMA, WASH.**—Tacoma Association of Credit Men. President, Ralph B. Smith, Puget Sound Flouring Mill Co.; Secretary, J. D. Benner, Bank of California Bldg.
- TOLEDO, O.**—Toledo Association of Credit Men. President, George B. Cole, R. H. Lane & Co.; Secretary, Lewis B. Hall, 1226 Nicholas Bldg.
- UTICA, N. Y.**—Utica Association of Credit Men. President, A. H. Dobson, Charles Millar & Son Co.; Secretary, E. C. Fuller, care Charles Millar & Son Co.
- WICHITA, KAN.**—Wichita Credit Men's Association. President, Charles Knorr, Wichita Wholesale Grocery Co.; Secretary, A. G. McCormick, The McCormick Press.
- WILMINGTON, N. C.**—Wilmington Association of Credit Men. President, L. B. Rogers, D. L. Gore Co.; Secretary, Stuart R. Keyes, Bureau of Credits.
- YOUNGSTOWN, O.**—Youngstown Association of Credit Men. President, H. W. Grant, Youngstown Savings & Banking Co.; Secretary, W. C. McKain, 607 Stambaugh Bldg.

Directory of Adjustment Bureaus.

Bureaus for the adjustment of insolvent estates are operated in the following cities, under the authority and supervision of their local Associations of Credit Men. All are affiliated branches of the National Association of Credit Men. Address all communications on Adjustment Bureau matters to the manager as such.

- BALTIMORE, Md.—S. D. Buck, Mgr., 100 Hopkins Place.
- BOISE, Idaho—D. J. A. Dirks, Mgr., 305-306 Idaho Building.
- BUFFALO, N. Y.—Wilbur B. Grandison, Mgr., 78 Erie County Bank Building.
- BUTTE, Mont.—C. E. Alsop, Mgr., Independent Telephone Building.
- CEDAR RAPIDS, Iowa—Thomas B. Powell, Mgr., 702-4 Security Savings Bank Building.
- CHICAGO, Ill.—M. C. Rasmussen, Mgr., 218 La Salle Street.
- CINCINNATI, Ohio—Henry Bentley, Mgr., 614 Mercantile Library Building.
- CLEVELAND, Ohio—Frank B. Bicknell, Mgr., 505 Chamber of Commerce Building.
- COLUMBUS, Ohio—B. G. Watson, Mgr., 411-420 The New First National Bank Building.
- DALLAS, Texas—Edw. B. Williams, Mgr., Edw. B. Williams & Co.
- DENVER, Colo.—C. N. Kinney, Mgr., 409 Sugar Building.
- DES MOINES, Iowa—A. W. Brett, Mgr., 708 Youngeman Building.
- DULUTH, Minn.—N. S. Marshall, Mgr., Duluth Jobbers' Credit Bureau, Inc.
- EL PASO, Texas—Frank Smith, Mgr., City National Bank Building.
- FORT WORTH, Texas—Geo. Q. McGown, Mgr., Reynolds Building.
- GRAND RAPIDS, Mich.—R. J. Cleland, Mgr., 201 Board of Trade Bldg.
- INDIANAPOLIS, Ind.—Indianapolis Credit Men's Adjustment Bureau, Commercial Building.
- KANSAS CITY, Mo.—Frank W. Yale, Mgr., 315 Dwight Building.
- LEXINGTON, Ky.—C. L. Williamson, Mgr., 726 McClelland Building.
- LOS ANGELES, Cal.—F. C. De Lano, Mgr., 600 Equitable Savings Bank Building.
- LOUISVILLE, Ky.—Wm. F. Baumeister, Mgr., United States Trust Co. Building.
- MEMPHIS, Tenn.—Memphis Credit Men's Adjustment Bureau, 79-81 Monroe Avenue.
- MILWAUKEE, Wis.—S. Fred. Wetzler, Mgr., 500-501 Free Press Building.
- MINNEAPOLIS, Minn.—J. P. Galbraith, Mgr., 501-508 Endicott Bldg., St. Paul, Minn.
- NEWARK, N. J.—Harry V. Osborne, Mgr., 164 Market Street.
- NEW CASTLE, Pa.—Roy M. Jamison, Mgr., 509 Greer Block.
- NEW ORLEANS, La.—W. C. Lovejoy, Mgr., 607-609 Canal, La. Bank Building.
- NORFOLK, Va.—G. Sellman Williams, Mgr., 211-212 Monticello Arcade Building.
- PHILADELPHIA, Pa.—Edmund S. Mills, Mgr., Room 801, 1011 Chestnut Street.
- PITTSBURGH, Pa.—A. C. Ellis, Mgr., Renshaw Building.
- PORTLAND, Ore.—R. L. Sabin, Mgr., Merchants' Protective Association, 7 First Street.
- PUEBLO, Colo.—E. C. Abel, Mgr., 501 Court Street.
- RICHMOND, Va.—Geo. B. Wilson, Mgr., 1113 East Main Street.
- ST. LOUIS, Mo.—A. H. Foote, Mgr., 600 Security Building.
- ST. PAUL, Minn.—J. P. Galbraith, Mgr., 501-508 Endicott Building.
- SALT LAKE CITY, Utah—Walter Wright, Mgr., P. O. Box 419.
- SAN DIEGO, Cal.—G. F. Hoff, Mgr., 403-4 Union Building.
- SAN FRANCISCO, Cal.—Ben Armer, Mgr., 499 Monadnock Building.
- SEATTLE, Wash.—I. H. Jennings, Mgr., 802-805 Central Building.
- SPOKANE, Wash.—J. B. Campbell, Mgr., 1106-8 Old National Bank Building.
- TACOMA, Wash.—J. D. Benner, Mgr., 303-305 Bank of California Bldg.
- WICHITA, Kan.—Willis Davis, Mgr., Southwestern Drug Co.
- YOUNGSTOWN, Ohio—W. C. McKain, Mgr., 607 Stambaugh Building.

Directory of Adjustment Bureaus
List of cities where bureaus for the exchange of credit information are being operated by affiliated branches of the National Association of Credit Men:

Bureaus for the Exchange of Credit Information

Atlanta, Ga.
Baltimore, Md.
Birmingham, Ala.
Boston, Mass.
Buffalo, N. Y.
Cedar Rapids, Ia.
Cincinnati, Ohio
Charleston, W. Va.
Columbus, Ohio
Decatur-Springfield, Ill.
Denver, Colo.
Des Moines, Iowa
Duluth, Minn.
El Paso, Texas
Fort Worth, Texas
Grand Rapids, Mich.
Indianapolis, Ind.
Kansas City, Mo.
Lexington, Ky.
Los Angeles, Cal.
Louisville, Ky.
Memphis, Tenn.

Minneapolis, Minn.
Nashville, Tenn.
New Castle, Pa.
New Orleans, La.
Norfolk, Va.
Oklahoma City, Okla.
Philadelphia, Pa.
Pittsburgh, Pa.
Portland, Ore.
Pueblo, Colo.
Richmond, Va.
St. Louis, Mo.
St. Paul, Minn.
San Antonio, Texas
San Diego, Cal.
San Francisco, Cal.
Seattle, Wash.
Sioux Falls, S. D.
Spokane, Wash.
Tacoma, Wash.
Wilmington, N. C.
Youngstown, Ohio

BULLETIN

NATIONAL ASSOCIATION OF CREDIT MEN

CHAS. E. WELLS, SECRETARY-TREASURER

44 Park Ave., New York

Laws regulating the sale of stocks of goods in bulk have been placed upon the statute books of the following:

Alabama	Maryland	Oklahoma
Arizona	Massachusetts	Oregon
California	Michigan	Pennsylvania
Colorado	Minnesota	Rhode Island
Connecticut	Mississippi	South Carolina
Delaware	Montana	Tennessee
Dist. of Columbia	Nebraska	Texas
Florida	Nevada	Utah
Georgia	New Hampshire	Vermont
Idaho	New Jersey	Virginia
Indiana	New Mexico	Washington
Iowa	New York	West Virginia
Kentucky	North Carolina	Wisconsin
Louisiana	North Dakota	Wyoming
Maine		